

It would be advisable to carry to reserve a part of the dividend payable on the welfare shares, so that in course of time the holders of these shares, i.e., all the employees, would gradually also become part owners of the capital on which they would draw the interest and risk rate.

The division of the welfare shares need not of course necessarily be in the proportion stated in the example, but this would be a detail for the owner and the employees to mutually agree on before entering into the scheme. For instance, an owner might stipulate that he, being the founder, should be entitled to half or any large proportion of the welfare shares so long as he was an active worker in the business, and it is quite possible that this might be an equitable arrangement that the employees would agree to.

The welfare shares could also be used to make the scheme co-operative, as it would be quite possible to distribute the shares to customers on the basis of their purchases over a given period.

Provision would also have to be made for employees leaving or being discharged, but these and many other essential details would have to be thought out by the parties concerned.

The principal features of the scheme outlined are, firstly, that the wage of capital would be fixed subject to certain fluctuating conditions, secondly, that the division of the profit after paying the wage of capital would be on a variable basis, and thirdly, it would do away with the suspicion that capital was getting more than its share of the profit, and thus tend to a more harmonious working of capital and labour.

H. VALDER.

[Mr. Valder invites constructive criticism of the above paper, but desires that all remarks be summarised to save time and enable him to make a concise reply.]

W. T. IRVINE, Secretary.]

### The West Coast Accounting System.

The West Coast Lumbermen's Association uniform cost accounting system which has been in course of preparation for three or four months, is completed and the prospectus is being distributed among the mills. The prospectus covers 225 pages of a neatly bound book and includes 24 full-page diagrams showing the type of blank forms. It contains instructions for the use of every form; it provides for the entry of every possible form of transaction.

The system sets up logging as a distinct operation. Each mill, whether it cuts its own logs or buys them in the open market, is expected to handle the logging end of its operation as a separate unit, capable of earning an independent profit. Thus it will be possible to segregate the profits and losses between the logging end of the business and the milling end.

Underweight returns are treated separately from the returns on f.o.b. sales. Shipping is carried as an item of cost independent of manufacturing. In-

terest and discount are to be charged or credited to capital account rather than to the operating account.

The system provides for the following major classification of accounts: Assets, liabilities, capital, revenue, purchases, controls, which latter item includes labour, supplies, expenses and repairs.

Use of this system will enable the average mill office to dispense with a lot of unnecessary books and bookkeeping; even the largest operation can handle all its accounts in two or three books.

With this system in general use the members of the West Coast Lumbermen's Association will know exactly what their costs are, per unit, and can regulate their merchandising so that it will not be possible to sell below cost of production, and, in case of an upward swing on a rising market, so that lumber will not be the last of the staple commodities to advance.

It will be easy, under this system, for any operation to determine its correct profits for the purpose of making income tax and excess profits tax payments. As all forms to be used in operating the system will be uniform for all the mills, the association proposes to lay in a store of blank supplies and to furnish them to the mills.

### Extract from Report of Parliamentary Industries Committee on Forestry.

The committee makes the following recommendations on forestry:—

(1) That there shall be established a Department of Forestry, which will be separate from and not subsidiary to any other Department of State, and that it shall be the duty of that Department to determine what lands shall be permanently set aside as forest reserves; also that provision be made ensuring continuity and permanency of policy for definite periods of years, as has been done in New South Wales.

(2) That at the earliest moment a scientifically trained expert shall be appointed as Chief Forester; that one of his first duties shall be to determine for the whole of New Zealand what Crown lands, whether bush or open land, shall be set apart for forest reserves; and, further, where necessary and in districts where insufficient Crown lands are available, he shall recommend the resumption of areas of private land for the above purpose. Land once reserved for forest purposes shall be inalienable for any other purpose, except by Act of Parliament. The committee recognises that once the forester is appointed other reforms will follow, including the organisation of the Department.

(3) That immediate steps be taken to bring about a great speeding-up in the planting of quick-growing exotic trees, especially those suitable for butter boxes, cheese crates, and fruit and other packing cases. Wherever practicable these trees should be planted near consuming centres.

(4) Owing to the diversity of opinion that exists as to the rate of growth of our native trees, it is