

ensure that accidental price-cutting is not caused by lack of data as to cost and value of products. Yet in the final analysis this labour costs the State nothing, and the ascertainment of surpluses or deficits in industries cannot rightly be gauged without finally dispensing with the charge. This is particularly so in the cases of farms and quarries, and more or less in other industries. The quantity of labour applied to an industry cannot, unfortunately, be limited to its maximum requirement. A prison controlling-officer is fortunate if he has more work in sight than his available labour can perform. Frequently labour is literally "fed" to an industry which cannot economically absorb it. Taken as a whole, it can be said that all prison industries more or less receive greater labour than they need, simply because it is prison labour which is dealt with.

This factor must be borne in mind when considering the individual results of industries. Most of these are healthy and closely-managed activities which, although showing losses after labour has been charged, actually are returning an excess of revenue over expenditure. In nearly all cases the losses are less than the labour charges, and in only one or two do the losses amount to more than labour and supervision. In many all expenses, including labour and supervision charges, have been recouped and an additional surplus returned.

The Wi Tako brickworks show a loss of £1,680, made up of interest and depreciation charges. In 1926 the Government rightly decided to cease activity in this industry and lease the works to private enterprise. With a market limited to Government orders, these works had been required to produce bricks in uneconomical quantities equivalent to less than half the capacity of the plant. The inactivity during 1926-27, when a loss of £2,453 was made, was the obvious result of over-production and increasing stocks in earlier periods. The last of the bricks made by prison labour were sold eighteen months after burning ceased. For five months of 1927-28 the works were leased to a co-operative party, which, however, due to its own mismanagement, eventually disbanded. That the principle of leasing the works is the right policy for the State is indicated by the result during 1927-28: the loss was cut down by £800. With fresh lessees now in occupation of the works, it is anticipated this loss will be further met in the current period and eventually return royalty equivalent to interest and depreciation charges.

The farming industry, with one exception, indicate satisfactory results from a financial point of view. Farm working and development at Hautu is already showing that it can be profitably undertaken. A surplus of £488 has been made on working, and placed as a reduction of development-cost. At Invercargill a loss of £5,703 is shown although prison-labour charges amount to only £4,618. No other prison farms are required to bear the heavy depreciation and interest charges that are laden here, amounting to £3,720. A large proportion of the fixed charges are on account of capitalized prison labour in previous years; but notwithstanding this, as stated earlier in my report, it is doubtful if a great success can be shown without revaluation. Not even the highly satisfactory production of £8,023 in 1927-28 is sufficient to make this farm pay its way.

Farming at Paparua and Waikeria has been exceptionally successful: leaving prison labour out of consideration, the results show a surplus of £1,550 at Paparua and £4,243 at Waikeria. Labour on prison farms is a big charge in the accounts, and for these two institutions literally to pay labour charges of £4,243 and £1,550 during a depressed period is a matter to be commended. Farming at Wi Tako Prison has not yet managed to recover all its interest, rent, and depreciation charges. During 1927-28 it failed by approximately £300. This farm is similar to Invercargill in that it is in a stage of development. It has, however, a prospect of less per acre development-cost, and within the next few seasons is anticipated to be giving results similar to Waikeria and Paparua.

Laundering and mending for other Departments is an industry of recent development in the Prisons Department. It has a great advantage financially in that the Public Account cost of maintaining it is very small: 75 per cent. of the cost is labour and supervision. In 1927-28 a net profit of £120 is shown after charging all expenses, including labour, of £931. This industry will show a bigger revenue in future. The figures for 1927-28 in respect of Addington and Auckland cover a period of three months only, since their commencement towards the end of the 1927-28 period.

IMPROVEMENTS IN ADMINISTRATION AND ORGANIZATION.

In my report on the year 1926-27 were detailed a number of improvements brought into effect during that period. Considerable progress had by then been made in bringing in the most needed changes. These have stood to show their benefits, and during the following year have become part of the established order of things. During the ensuing year further improvements have been added to make for smoother, more efficient, more economical, and more co-ordinating administration. A few of the additional features brought in during 1927-28 may be taken at random and mentioned.

During the year a bread-oven was installed at Auckland Prison, and baking commenced from about October. Notwithstanding the enjoyment of the previous exceptionally good bread contracts let for this prison, the economy of our own baking has realized expectations. A definite saving of cash to the Public Account, amounting to £600 per annum, has been effected in this one prison alone. Arrangements were in hand at the close of the year to install an oven at New Plymouth. It is anticipated that this will effect economy of £100 per annum.

The purchase of ration cattle for Paparua Prison, near Christchurch, was reviewed last year. Due to the Addington market being an exceptionally good one for the seller, a three-months trial was given of buying this prison's requirements in Southland from January to March. The trial was not without experiment, but proved most satisfactory, and a saving of approximately 10s. per 100 lb. beef was effected after paying freight charges. A similar scheme is now under consideration for purchase of Wi Tako beef in the Waikato.

The purchase of English magazines for the prisons has now been arranged through the High Commissioner's Office in London. Not only are the better English prices obtained, but substantial discount is obtained by the High Commissioner which was not given by New Zealand retailers.