

Briefly, the financial results obtained during the past eleven years are as follows:—

Year.	Before paying Interest on Capital.			After paying Interest on Capital.		
	£	s.	d.	£	s.	d.
1921-22	Deficiency	74,146	4 2	Deficiency	95,153	14 11
1922-23	„	48,082	11 0	„	63,798	18 3
1923-24	„	9,759	8 1	„	27,231	4 9
1924-25	„	2,144	4 11	„	19,882	0 6
1925-26	Surplus	517	2 2	„	17,294	8 10
1926-27	„	5,881	5 2	„	12,124	0 10
1927-28	„	5,941	6 0	„	12,178	12 0
1928-29	„	17,531	8 1	Surplus	1,474	15 2
1929-30	„	8,494	8 11	Deficiency	8,940	6 3
1930-31	„	1,891	10 5	„	16,365	0 9
1931-32	„	5,877	19 4	„	14,316	12 6

From this it will be seen that the Department's financial position has improved considerably since the commercial balance-sheet system came into operation, but, unfortunately, the standard reached in 1928-29 could not be maintained owing to the loss of revenue from whaling operations in the Ross Dependency. In 1921-22 the deficiency was £95,153 14s. 11d., while during 1931-32 this figure was reduced to £14,316 12s. 6d., a net improvement of £80,837 2s. 5d.

In view of the decline in revenue consequent upon the prevailing financial depression, the Department adopted a policy of rigid economy during 1931-32. The numbers of staff in all branches were reduced to a minimum, and every item of expenditure was closely overhauled and curtailed wherever possible. Excluding interest on capital and depreciation, the expenditure showed a decrease of £16,040 compared with the figures for 1930-31. The charges for depreciation and interest on capital show a marked increase owing to the purchase of the new lighthouse vessel, which is capitalized at £80,000, in comparison with £20,000 for the old tender "Tutanekai."

The full extent of economies initiated during 1931-32 is not reflected in the year's accounts, and consequently a still further saving in expenditure may be anticipated during the current year.

Negotiations for the transfer of the control of Hokianga Harbour from the Department to the Hokianga County Council reached a successful conclusion during the year, with the result that a saving of approximately £500 per annum will be effected in the departmental accounts.

The loss on the working of the Inspection of Machinery Branch for the year has been reduced from £5,397 16s. 10d. to £2,954 13s. 5d., principally due to the exemption of farm machinery not exceeding 6 horse-power from annual inspection, with a resultant reduction of eight in staff and a saving in salaries and travelling-expenses. However, the full benefit of the saving is not reflected in the year's accounts, as special legislation was necessary to give effect to the step taken, and this was not passed until late in the financial year. It is anticipated that this branch will now be self-supporting, despite a general reduction of 10 per cent. in fees which was put into operation on the 1st May last.

At the present time the fees for the inspection of machinery are based upon the horse-power of prime movers, but this is giving rise to anomalies so far as electrical machinery is concerned. The Department is now collecting data which will enable a new scale to be drawn up and the fees assessed on a more equitable basis.

WESTPORT HARBOUR.

The following statement shows the revenue and expenditure in respect of Westport Harbour for the past eleven years:—

Year.	Expenditure.		Revenue.		Year.	Expenditure.		Revenue.	
	£	s. d.	£	s. d.		£	s. d.	£	s. d.
1921-22 ..	63,950	1 10	25,836	19 3	1927-28 ..	65,828	1 7	65,909	8 1
1922-23 ..	50,738	17 5	38,700	8 1	1928-29 ..	68,871	13 0	64,214	5 6
1923-24 ..	46,619	1 11	42,285	7 4	1929-30 ..	64,877	10 5	66,274	17 3
1924-25 ..	44,666	14 0	50,378	11 0	1930-31 ..	53,436	16 9	53,013	2 11
1925-26 ..	51,909	4 11	57,539	12 11	1931-32 ..	46,149	4 8	34,602	12 9
1926-27 ..	52,769	12 6	62,976	13 10					

The loss for the year under review amounted to £11,546 11s. 11d. after making full provision for all charges in the way of depreciation, interest, and sinking fund. This loss was due to the abnormal depression in the coal trade which, unfortunately, is showing no signs of improvement.