

(5) CO-OPERATIVE CONTRACTS FUND

(See Appendix, page 67)

Although the total income for this fund for 1945-46 at £2,471,702 is £236,776 less than in 1944-45, the profit-earning portion (co-operative contracts and equivalent contracts) at £1,833,713 is £9,826 greater than the previous year. Net profit, which for 1945-46 is £211,668, also shows a substantial increase of £27,746 and is equivalent to a return of $11\frac{1}{2}$ per cent. as against a profit of 10 per cent. earned in 1944-45. Profit distributions and grants absorb £189,853 (89.70 per cent. of net profit), reserves £5,000 (2.36 per cent.), and the balance carried forward is £16,815, or 7.94 per cent. The figure for profit distributions and grants represents an increase of £14,818 on 1944-45.

The reduction in "Total income" is chiefly due to the reduction and eventual cessation of services performed on behalf of American authorities at Auckland. Whereas the wages paid under this heading amounted to £542,300 in 1944-45, in 1945-46 they amounted to only £257,236. A further important factor is the substantial reduction in special overtime work which resulted following the virtual cessation of night-shifts, Sundays, and holidays work as from September, 1945. In the case of co-operative contracts during 1945-46 this loss in value has been largely offset by increased contract earnings. As the Supervision, National Pay Office, and General (Administration) Fund incomes are mainly derived from percentage charges on Co-operative Contracts Fund income it will readily be appreciated that any substantial drop in value of contracts, &c., has a widespread effect on these other funds of the Commission. The position referred to has only developed during the last six months of the year ended 31st March, 1946, but already it has had the effect of producing adverse balances for 1945-46 in the revenue accounts of all three funds mentioned. These losses will be intensified in 1946-47, when the full effects of the cessation of war activities will be more apparent.

(6) GENERAL FUND (ADMINISTRATION)

(See Appendix, page 69)

The income of the General Fund (Administration) is derived from two main sources:—

- (a) Assessments on other Commission funds:
- (b) Parliamentary appropriations.

Out of a total income for 1945-46 of £39,274, 67.55 per cent., or £26,533, was derived from source (a), and £12,670, or 32.47 per cent., from source (b). Parliamentary appropriations have increased by £800, as compared with 1944-45 (see Section 4). Assessments have been made on the same basis as in 1944-45—that is, 1 per cent. on Co-operative Contracts Fund income (excluding American non-contracts at Auckland of £257,236) and 2 per cent. on income of other funds. The 1945-46 income from this source is £1,134 greater than in 1944-45, chiefly through increased co-operative contracts and Annual Holidays Act income.

Total working expenses for 1945-46 at £41,143 have increased by £1,748, as compared with 1944-45. The increase is mainly due to award salary adjustments effective from 1st April, 1945, the item for salaries being £2,926 greater than in 1944-45. The effect of salary increases is also reflected in the item "Re-imbursement to National Pay Office Fund," which is £1,426 higher than for 1944-45. These two items between them account for 85.75 per cent. of total working expenses for 1945-46.

As mentioned in Section 5, Co-operative Contracts Fund, the drop in over-all income of that fund due to reduction or cessation of wartime activities has a direct bearing on funds such as General (Administration), which derive their income as percentage levies on the basis of Co-operative Contracts Fund income. For 1945-46 the Revenue Account for General (Administration) Fund shows an adverse balance of £1,869, as compared with a surplus of £911 in 1944-45. This trend is likely to continue in 1946-47, and will no doubt involve a re-assessment of income levies in order to provide for expenditure on a normal peacetime basis.