is, of the profit-earning portions of Co-operative Contracts Fund income. The unpredictable nature of these increases is further illustrated by the fact that from 1942–43, by which time the co-operative contracting system was in operation at most main and secondary ports and on all types of vessels, till 1946–47, co-operative contract income had remained steady at around £1,800,000 per year. The 1947–48 total of £2,275,722 therefore represents an increase of almost 25 per cent. on the stabilized level which had existed over the previous five-years period.

There are two main reasons for the increase. First, a greater volume of shipping and cargo handled than has been normal in either of the two previous post-war years. This is borne out by the number of co-operative contracts and quantity of cargo handled (Appendix, page 26). Contracts for 1947–48, which numbered 4,127, were 410 (or 11·86 per cent.) greater than for 1946–47, while the 5,562,895 tons of cargo handled during 1947–48 was 743,980 tons, or 15½ per cent., more than for 1946–47 and mainly in respect of overseas general cargo discharged (492,948 tons increase). Second, the increase in basic rate of wages which operated from 1st October, 1947 (see Rates of Pay, page 68). While some further increase in co-operative contracts income during 1948–49 can be expected through the operation for the full financial year of the basic rate of wages increase, the continuation of the high level of income attained during 1947–48 will be dependent rather on whether the volume of overseas imports is maintained.

The substantial increase of £142,312 in equivalent contracts income, while partly due to the factors affecting co-operative contracts, is principally because of New Zealand Government Railways Department payments to waterfront workers which were handled by the Commission throughout the 1947–48 financial year, as compared with only the last four months during 1946–47.

Profit-earning income at £2,518,813 now represents 85·69 per cent. of total Co-operative Contracts Fund income, as compared with 82·61 per cent. in 1946–47. Net profit, however, which at £285,531 is £62,840 greater than in 1946–47, is equal to only 11⅓ per cent. on profit-earning income, as against 11⅔ per cent. in 1946–47. This drop in profit rate is in line with the 3·32 per cent. decline in over-all rates of work recorded in the Overseas Loading Summary (Appendix, page 29). Profit distributions and grants, which total £280,716 for 1947–48, are £69,928 greater than for 1946–47, and now represent 98·31 per cent. of net profit, as compared with 94·65 per cent. in 1946–47. The balance of £4,815, or 1·69 per cent., of Appropriation Account has been added to accumulated funds, which at 31st March, 1948, total £40,250.

The percentage assessment for administrative costs at £36,743 is £7,827 greater than for 1946–47. On the other hand, the whole of the 1947–48 appropriation of £15,000 to Buildings Reserve has been made from National Administration Fund (see Section (*e*)). On the basis of previous years, one-half of this appropriation (£7,500) would have been made from Co-operative Contracts Fund.

The heavy tonnage of overseas shipping on the New Zealand coast as at 31st March, 1948, has resulted in "debtors" for contracts, &c., at that date of £305,608, an increase of £67,464 on the figure at the same date in 1946–47. Although "deposits" against the working of overseas vessels at £150,605 also show an increase (£39,174), it was still necessary to call on National Administration Fund for cash balances to the extent of £35,678 in order to finance the advances of wages to waterfront workers against contract and other accounts.