

due course in the parliamentary B.-1 papers. Previously the financial statements accompanying the report were based on cash payments and cash receipts. While these were of considerable value, they were not sufficiently complete or extensive in themselves to permit of a proper review of the result of the Department's activities. This was particularly so in the case of the various industries in which prisoners are engaged.

A general review of the industries and of the results shown by their accounts is made in detail, but a preliminary consideration of the actual cash receipts and payments is first given. While the actual results shown by the profit and loss accounts are of ultimate consequence, the cash figures are necessarily of primary importance, as they are essentially the "ways and means" of the Department's activities for the year.

Following is a statement showing the total payments and credits of Prisons vote for the year, compared with the three previous periods:—

Summary of Payments and Receipts on Account of Prisons Vote from 1924 to 1928.

Year.	Daily Average Number of Inmates.	Gross Expenditure.		Credits.		Net Expenditure.	
		Total.	Per Head.	Total.	Per Head.	Total.	Per Head.
		£	£	£	£	£	£
1924-25 ..	1,227.81	144,484	117.67	68,118	55.56	76,366	62.11
1925-26 ..	1,340.13	152,794	114.00	79,099	59.02	73,695	54.98
1926-27 ..	1,397.25	148,766	106.47	70,915	50.76	77,851	55.71
1927-28 ..	1,489.62	161,199	108.21	66,979	44.95	94,220	63.26

In gross expenditure for the period under review there is an increase of approximately £12,400 over the previous year, while there was also a reduction of revenue of £4,000, the total net expenditure for the year being £16,400 in excess of 1926-27. This increase is actually more apparent than real. The normal additional expenditure upon rations, clothing, wages, and earnings, &c., consequent upon the increased number of prisoners (ninety-two above 1926-27) may, at a minimum, be taken as involving an additional £3,500, or approximately £36 per head. There are other expenses which do not go up in a direct ratio to increases of prison population. During the year exceptional expenditure was made from the vote which was not an additional expense to the State. This comprised £4,000 expenditure on Hautu land development, which in previous years was charged to Public Works Fund; £1,700 for live-stock and implements taken over from the Mental Hospitals Department; and £1,300 paid to the Post and Telegraph Department for two motor-vans which were already in use in the Prisons service. The appointment of full-time Probation Officers to fulfil the pressing need for reorganization of the probation system involved an additional £3,000 expenditure. Exceptional activity in the bootmaking industry for other Departments required an additional £1,700 for raw materials. The individual items already quoted more than make up the £12,400 increase. There are other increases in items, and also decreases, but the items mentioned are outstanding. Following a close analysis, I am satisfied that the Department is now controlling expenditure with more efficiency and economy than it has previously, and without loss of efficiency in any branch of its activities.

The reduction of revenue of £4,000 directly reflects the lean trading-conditions passed through during the period. The Department's revenue is derived from many trading sources, and the buoyancy of outside trade conditions is definitely reflected in the Department's industries. General conditions during 1927-28 have made themselves felt accordingly. A substantial portion of the Department's revenue is received for services performed for other Government Departments, and a reduction of credits from this source for the year in roadworks amounted to £4,000, and in mail-bag repairs to £700. It is some consolation to know that some of these reductions are the result of economy in other Departments. Quarry revenue suffered a reduction of £4,000. The increased railway tariff now operates against haulage of metal, and has severely reduced the market for this product. This position has now been met at the principal prison quarry (at Auckland) by the installation of additional plant to better meet modern roading requirements and so secure a better demand within a smaller area. The quarry revenue results for the first quarter of the current period augur well for this industry. Credits from the farms during 1927-28 amounted to £17,842, the highest on record, notwithstanding the depression of the butter-market. The Department's present policy of pushing the agricultural side of its activities is already bearing fruit. The year just past showed an increased credit of £4,000 for primary produce sold. For the current period this increase continues to show even better revenue. The prospects for 1928-29, as reviewed recently, indicate that last year's results will be considerably exceeded.

EXPENDITURE ON PRISONERS' RATIONS.

The cost of feeding the prisoner is a considerable item of the Department's expenditure. In 1925-26 a peak was reached at £19,547. In 1926-27, following a policy of producing more vegetables, meat, and potatoes on the prison farms, a reduction to £19,389 was attained notwithstanding that the increase of prisoners normally required a greater expenditure. Following the same policy in 1927-28, and supplementing it with completion of the scheme of making all bread in our own institutions, the cost of purchased rations for the year just past has been reduced to £15,736. This is probably one