

of the best individual achievements towards economy that has been provided. No quantity-reductions in the prisoner's ration has been made, but in some cases it has been increased. Not only has a monetary saving been made, but the policy now more fully established means fresher milk, bread, and vegetables on the prison diet.

Following is a comparative statement showing ration cost to the vote in 1927-28 compared with previous periods. Wholesale prices for 1927-28 were on a parity with the previous year, so that no part of the decrease can be attributed to lower prices.

Cost of Rations purchased (not including Tobacco).

Year.				Daily Average Number of Prisoners.	Amount.	Annual Cost per Head.	Annual Cost per Head converted to 1914 Wholesale Price Basis.
					£	£	£
1914	..	..	..	979.81	11,555	11.79	11.79
1919-20	..	..	..	965.07	17,294	17.93	..
1924-25	..	..	..	1,227.50	18,332	14.93	10.58
1925-26	..	..	..	1,340.13	19,547	14.58	10.19
1926-27	..	..	..	1,397.25	19,389	13.88	10.60
1927-28	..	..	..	1,489.62	15,736	10.57	8.09

PRISON LABOUR.

In the appendix (Table B1) are shown details of prison labour costed into industries, capital works and institution accounts, a total of £87,431 being charged. Of this total, £51,301 has been borne by industry accounts, £16,090 on development of land and erection of buildings, and £20,040 on institution services. Compared with the previous year, there is approximately an equal ratio increase in all three sections corresponding generally to the increased labour available from the higher number of inmates. There is no particular comment to add to this, except that the figures given show that of every four prisoners working one is employed on institution maintenance, one on capital works, and two on industries.

PROFIT AND LOSS ACCOUNTS AND BALANCE-SHEETS.

With the presentation of these accounts for the first time as part of my report, it is possible to make some interesting remarks on the extent and result of Departmental activities and on the capital invested by the State in the housing and employment of prisoners. At the 31st March, 1928, the total value of tangible assets held by the Department amounted to £960,100. This investment involves an annual standing charge for interest and depreciation of approximately £55,000 over and above the annual cash cost. Of this annual charge a total sum of £13,500 is chargeable to industries, to be recovered out of revenue, which also bears a charge of £500 for rent of properties. Most of the industries are sufficiently healthy to bear their annual charges for interest and depreciation, but a few have been heavily burdened. The Wi Tako brickworks require revenue to recoup interest and depreciation of nearly £2,800 per annum. The Department is not now engaged in making bricks, but has leased the works on a basis reckoned to recoup the standing charges. Invercargill farm also has a heavy annual charge consequent upon the cost of converting water-covered estuary land into a farm. It is expected that as the development proceeds the burden will be lessened, but a general survey of the scheme from the financial aspect indicates that while the reclamation has undoubted advantages in some directions, it will not be possible to show much, if any, profits without revaluing the farm on a basis of production-capacity.

In my earlier remarks I pointed out that, notwithstanding an increased vote expenditure during the year, the Department was, without loss of efficiency, being run more economically than hitherto. A consideration of the Income and Expenditure Account (Table B) shows that the net cost of maintenance, including all interest, depreciation, &c., amounted to £74 8s. per head in 1927-28. This is a reduction of £9 17s. per head compared with the previous year.

Industry working.

This reduction of £9 17s. per head is, of course, after considering an increased number of prisoners over which to distribute the cost. The increased numbers tends to make the *per capita* cost normally come down. Notwithstanding this, however, the actual net total cost for 1927-28 was lower than in 1926-27—viz., £111,474, compared with £115,967. One of the principal causes of this reduction is the improved showing of industries as a whole. During 1926-27 the total labour charged against prison industries amounted to £48,499. After charging this the loss on industries was £20,517, or, in other words, the actual surplus was £27,982, if the nominal labour charges are left out of consideration. During 1927-28 a labour charge of £51,301 had to be absorbed by the industries, while the net loss amounts to £12,924, or a surplus of £38,792 when labour is disregarded. The latter year, therefore, actually showed an improvement of £11,000.

This waiving of the prison-labour charge for final comparative purposes of results is quite sound. It is initially taken into account to give effect to the fact that, having some value, such value should be taken as a nominal charge by the industry or work which received it. By adopting standard rates it enables each industry to be compared more fairly than were no charge made. It also operates to