A scrutiny of the above figures at once reveals the fact that as a result of the closing of the Cheviot Estate Account, the interest on investments formerly credited to that account has not in the year 1931–32 been credited to the Cheviot Estate in the column provided in the Land for Settlements Departmental Revenue Account, and, as a result, the net revenue of the estate is shown as decreased. It is noticeable that the decrease in the net revenue corresponds very closely with the decrease in the amount of the interest on investments. Against the net revenue of £11,671 a further charge of £8,380 has been made, which is stated to represent "Interest on Cheviot Estate fixed capital," and a corresponding credit has been made to the Land for Settlements Account. As the whole of the Cheviot Estate capital was handed over to the Land for Settlements Account, there seems no reason why the Cheviot Estate should be *charged* with interest on what was its own capital; but, on the contrary, any such interest should be *credited* to the Cheviot Estate. As a result, the net revenue of the Cheviot Estate, as shown in the Revenue Account for the year 1931–32, is reduced to £3,291 only, as compared with £20,619 shown for the previous year. An analysis of the figures in the Revenue Account shows that, as a matter of fact, the estate has earned at least as great an amount of net revenue in the year 1931–32 as in previous years. It seems clear, therefore, that such revenue has been diverted to another account, the Land for Settlements Account, and has had the effect of increasing the apparent profits of the latter account beyond the true amount of such profits. As a result of the closing of the Cheviot Estate Account, therefore, the departmental accounts relating to both this account and to the Land for Settlements Account have been rendered inaccurate and misleading.

The above figures indicate that the statement made to Parliament is not being observed in regard to the closing of these accounts, for the true details of the transactions relating to the closed account can no longer be ascertained from the Statement of the Revenue and Expenditure of the Public Account comprised in B.–1 [Pts. I and II], nor are the results of such transactions correctly disclosed in the departmental Revenue Account and Balance-sheet compiled for publication in B.–1 [Pt. IV].

Departmental and State Balance-sheets.

All Departments have submitted balance-sheets together with income and expenditure or revenue accounts for the year ended 31st March, 1931. A total of 109 balance-sheets of Departments and accounts were examined and certified by audit during the year, and will be found included in the parliamentary paper B.–1 [Pt. IV].

The standard of accounting throughout the Government has been well maintained.

An amalgamated State Balance-sheet has again been prepared and audited, the method of compilation being similar to that in the previous year, but with the experience gained a better grouping of the various assets and liabilities was made and several minor errors of the past year rectified.

I have, as in previous reports, selected the accounts of certain Departments—this year the Post and Telegraph Department, Industries and Commerce, Tourist, and Publicity Department, and the Defence Department—for comment, and beg to submit the following remarks thereon.

Post and Telegraph Department.

This Department has for some years past been regarded as a trading Department, and from 1st April, 1928, has been separated from the Public Account. It is therefore desirable that it should receive credit for the full cost of any work performed by it. Such, however, is not the case, as the Department is required to undertake work for other non-trading Government Departments at rates which do not cover the costs, and in the case of telegraphic work do not yield even ordinary rates, although such ordinary rates do not cover the cost of the maintenance of the services of this particular branch of the Department.

A statement, covering four items, showing the amount received by the Department as compared with the estimated amount receivable had ordinary rates been charged for the year ended 31st March, 1932, is as follows:—

	Amount received.	Estimated as receivable at Ordinary Rates.
	£ s. d.	£ s. d.
Ministerial telegraphic memoranda	2,000 0 0	9,874 6 3
Franked Government telegrams	600 0 0	974 12 10
Telegrams of members of General Assembly ..	1,816 5 8	2,525 0 0
Franked telephone (tolls) communications ..	150 0 0	2,879 0 1
	£4,566 5 8	£16,252 19 2

It may be noted that the loss on the working of the Telegraph Branch for that year was over £88,000.

Since early in 1927 there has been in operation by arrangement with the Imperial authorities an official wireless news service. The Post and Telegraph Department made a charge against the Prime Minister's Department of 2d. per word, but this was not agreed to, and, as the counter-offer was not satisfactory to the Post and Telegraph Department, no payment was received by the Department for services provided to the 31st March, 1931, but £100 was accepted during the year ended 31st March, 1932. At the rate proposed by the Post and Telegraph Department the total amount receivable to the 31st March, 1932, would have been £12,283 5s. 7d. divisible between the Wireless and Telegraph Branches in the proportion of 3 to 1. The offer of the Prime Minister's Department was £250 per annum, and payment at this rate is being made by the Press Association from 1st April, 1932. On one year's traffic alone—that for the year ended 31st March, 1929—in which a record was kept, the charge for the Rugby Press at the average cost of working per word, excluding depreciation and interest on capital, would have been £1,426 18s. 6d., and if even this had been collected there would still have been a loss on the working.