

33. In examining the cost of Flexowriters for the Passport Division, the fact that this operation consistently, year after year, has an excess of revenue over expenditure should not be ignored. For the fiscal year 1962-63, the estimated revenue will exceed expenditure by approximately \$400,000. The expenditure, then, of one tenth this amount to improve a public service does not appear to be unreasonable, especially when it is realized that the public through passport fees has made possible the surplus noted above and those in preceding years.
34. If this operation were conducted along the lines of a commercial enterprise adequate reserves for depreciation of equipment would be an integral part of the accounting system and the replacement of equipment would be financed from such reserves in a systematic and business like manner.
35. Due to the obsolescence of the machines now in use no market exists for them and hence no trade-in value is available to offset the cost of new equipment.

DISPOSAL OF ELLIOT-FISHER MACHINES

36. The disposal plan for the present passport writing machines is as follows:
1. One machine to be retained for ordinary passport renewals. This will be required for ten years since a passport issued in