

1947  
NEW ZEALAND

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Report of the  
Controller and Auditor-General

on the

PUBLIC ACCOUNTS  
of New Zealand

for the

Financial Year ended 31st March, 1947

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## REPORT OF THE CONTROLLER AND AUDITOR-GENERAL

I HAVE the honour to submit my report for the year ended 31st March, 1947, in terms of subsections (2), (3), and (4) of section 89 of the Public Revenues Act, 1926, which are set out hereunder.

(2) The Controller and Auditor-General shall in each year examine the public accounts received from the Treasury, and prepare and sign a report showing—

- (a) The particulars of any discrepancies between such accounts and the books of the Treasury :
- (b) Full particulars of every case in which the provisions of this or any other Act, or the regulations or any forms, have not been carried out or adopted, or have in any manner been varied or departed from :
- (c) Every case of failure to deliver or send in accounts or to collect or account for any moneys or stores :
- (d) All sums allowed or disallowed without vouchers or with imperfect vouchers or upon incorrect certificates :
- (e) Any proceeding that may have been taken by or against any person in pursuance of the provisions of this Act or the regulations :
- (f) All unsatisfied surcharges which have been made by the Controller and Auditor-General and all surcharges disallowed by the Minister on appeal :
- (g) In what accounts the Controller and Auditor-General has, with the consent of the Minister, dispensed with a detailed audit :
- (h) Such other information as may be prescribed, or as the Controller and Auditor-General thinks desirable.

(3) The Controller and Auditor-General shall annex or append to the said report copies of all cases laid by him before the Attorney-General for his opinion, together with a copy of the opinion given in every such case.

(4) The Controller and Auditor-General shall lay the said report before Parliament within fourteen days after the public accounts have been laid before Parliament.

The public accounts received from the Treasury have been examined in terms of the first part of subsection (2) and have been printed as B-1 [Pt. I], and the further provisions (a-h) of subsection (2) and the provisions of subsection (3) are satisfied as follows :—

### (a) DISCREPANCIES IN THE STATEMENT OF ACCOUNTS

There are no discrepancies between the accounts and the books of the Treasury, and no cases were laid before the Attorney-General.

### (b) CASES IN WHICH THE PROVISIONS OF THE LAW HAVE NOT BEEN CARRIED OUT

The Audit Office is required, in the exercise of its duties, to satisfy itself that all financial transactions of the State are supported by proper authority and that they contravene no provisions of the law. As stated in previous reports, circumstances arise which require or render it desirable that public moneys should be expended for purposes for which no specific authority exists and for which the statutory provisions governing “unauthorized expenditure” or “emergency expenditure” are not available, or not available to a sufficient amount. There are cases also in which circumstances render it desirable that legislative restrictions should not apply.

Several cases covered by the foregoing explanation arose during the year, and the Audit Office, following past practice, agreed to pass the transactions on being informed by the Government that it would introduce at the earliest opportunity validating or amending legislation, or otherwise provide the authority required.

The necessary legislation or authority in the following cases was obtained during the year covered by the report :—

(1) Section 7 of the Finance Act (No. 2), 1946, validated payment to retired public servants and teachers who were re-employed, of salary increases granted on the revision of scales as at 1st April, 1946, without these increases being taken into consideration in computing their maximum retiring-allowances under Part I or Part IV of the Public Service Superannuation Act, 1927.

(2) Section 29 of the Finance Act, 1946, validated payment to K. J. Holyoake, Esq., Member of Parliament, of honorarium without deduction for leave of absence taken by him before his return to New Zealand after attending a National Farmers' Conference in England and a Conference of the Empire Parliamentary Association in Bermuda in excess of the period of fourteen days allowed in terms of section 18 of the Civil List Act, 1920.

Reference was made last year to cases in which validating legislation or other authority had not been provided at the date of the report. They have since been validated as follows :—

(1) The War Pensions Amendment Act, 1946, validated payment of additional mothers' allowances to war widows and to wives of ex-servicemen suffering from disabilities, and the Social Security Amendment Act, 1946, validated payments of increased social security benefits to widowed mothers with dependent children, and to deserted wives and wives of inmates of mental institutions.

(2) Section 18 of the Finance Act, 1946, validated payment to the Governor-General of an allowance in excess of the amount authorized by section 4 of the Civil List Act, 1920.

(3) Sections 4 and 5 of the Superannuation Amendment Act, 1946, validated payment of increased superannuation allowances to officers of the Defence Force who retired in 1921 and 1930 and in respect of whom special statutory limitations applied.

Sections 6 and 11 of the same Act authorized the Public Service Superannuation Board and the Teachers' Superannuation Board to accept from permanent employees who purchased previous temporary service contributions at a percentage rate referable to age of contributor at commencement of contributory service.

(4) Section 5 of the Finance Act, 1946, validated unauthorized expenditure in excess of the limit fixed by section 58 of the Public Revenues Act, 1926, for all other services.

Validating or other authority is awaited in respect of the following :—

(1) For personnel of the Navy, Army, and Air Force appointed for a limited period to become contributors to the Public Service Superannuation Fund and for payment thereof of retiring-allowances to members who have retired.

(2) Payment of the sum of £125,000 out of the Meat Industry Stabilization Account for flood relief in Great Britain.

(3) The exemption from payment of national security tax by members of His Majesty's Forces from 1st April, 1947, the date from which new pay scales commence, to the 20th April, the date of the abolition of the national security tax.

(4) The payment of family benefits in respect of children of serving personnel from 1st April, 1946. (NOTE.—Legislation was passed last session granting family benefits to all sections of the community, but section 62 of the Social Security Act, 1938, precluded its application to children of serving personnel.)

(5) Payment of £2,032,677 19s. 5d. in excess of the limit of £500,000 fixed by section 58 of the Public Revenues Act, 1926, as the limit of unauthorized for all other services.

**(c) STATEMENT OF IRREGULARITIES IN CONNECTION WITH PUBLIC MONEYS AND STORES**

Fifteen cases of misappropriation of public moneys by departmental officers involving a total sum of £783 11s. 11d. are included in this statement. The largest defalcation (£395 14s.) occurred outside New Zealand. Proceedings against the defaulter could not be taken here, and it was deemed inadvisable to institute them abroad. The Audit Office was in agreement with this decision. The full amount of the loss has been made good by the person concerned, and he has left the Public Service. In addition to the above-mentioned cases, there appears in that part of the statement detailing irregularities committed by persons not departmental officers one which occurred in the Air Department and which involved a sum of £359 1s. 1d. In this case rail tickets were obtained by the issue of forged orders for travel, and cash refunds were irregularly obtained by the surrender of unused tickets to the Railways Department with certain markings erased. The system of control and issue of the forms in the Department has been strengthened, and it should be possible, in future, to fix the responsibility should any similar losses occur.

As has been mentioned on previous occasions, the ordinary safeguards provided by internal checks are applied, wherever possible, to prevent irregularities, and the Audit Office, in the course of its duties, examines the accounting systems in operation and suggests improvements where necessary. The instances reported, apart from the Air Department loss, did not point to remediable weaknesses in accounting procedure.

The number of cases reported to the Audit Office in which recipients of pensions, sickness, age, and other benefits obtained payment in excess of scale rates by failing to disclose material particulars of their circumstances to the Social Security Department was 164, as against 232 last year, the relative amounts involved being £1,992 17s. and £5,061 18s. 2d.

File No.	Nature of Irregularity.	Amount involved.	Action taken, and Result.
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NOTE.—In cases marked \* Police inquiries were either unsuccessful or are incomplete.

**CASES IN WHICH DEPARTMENTAL OFFICERS WERE INVOLVED**

**Agriculture Department**

A. 21/4/32 ..	Misappropriation of moneys ..	£ s. d.	
		23 10 0	*

**Department of Labour and Employment (Employment Division)**

A. 21/122 ..	Misappropriation of moneys ..	9 15 0	Offender admitted to probation for twelve months. Restitution made.
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**Land and Income Tax Department**

A. 21/21/3 ..	Misappropriation of moneys ..	13 19 0	Offender admitted to probation for two years. Restitution made.
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(c) STATEMENT OF IRREGULARITIES IN CONNECTION WITH PUBLIC MONEYS AND STORES—*continued*

File No.	Nature of Irregularity.	Amount involved.	Action taken, and Result.
<b>CASES IN WHICH DEPARTMENTAL OFFICERS WERE INVOLVED—<i>continued</i></b>			
<b>Marketing Department (Internal Marketing Division)</b>			
A. 21/107/37	Misappropriation of moneys ..	£ s. d. 89 12 2	Offender admitted to probation for two years. Restitution made.
<b>Mental Hospitals</b>			
A. 21/24/16	Theft of potatoes (14 sacks) ..	Not stated	Offender fined £5. Goods partly recovered.
<b>Ministry of Supply</b>			
A. 21/111/4	Misappropriation of moneys ..	395 14 0	Officer left service. Default occurred outside New Zealand, and it was not possible to take proceedings here. Loss made good.
<b>Post and Telegraph Department</b>			
A. 21/30/791	Misappropriation of moneys ..	29 3 6	Offender admitted to probation for six months. Restitution made.
A. 21/30/793	Misappropriation of moneys ..	78 0 0	Offender convicted and sentenced to six months' imprisonment. Restitution made.
A. 21/36/286	Misappropriation of moneys ..	45 8 10	Offender admitted to probation for twelve months. Restitution made.
A. 21/30/791	Misappropriation of toll fees ..	25 11 1	Offender admitted to probation for twelve months. Restitution made.
<b>Public Works Department</b>			
A. 21/35/62	Theft of tires (4) .. ..	Not stated	Two offenders. Each fined £25. Tires recovered.
A. 21/35/64	Improper use of departmental motor-vehicles	3 15 0	Cost recovered. Officer resigned.
<b>Public Trust Department</b>			
A. 21/34/12	Misappropriation of moneys ..	63 13 0	Officer sentenced to six months' imprisonment. Restitution made.
<b>Railways Department</b>			
A. 21/36/285	Theft of goods .. ..	134 7 11	Seven offenders. Two were convicted and fined £35 each, and five were convicted and fined £15 each. Restitution of £24 2s. 5d. ordered.
A. 21/36/285	Misappropriation of moneys ..	2 2 0	Offender placed on probation for twelve months. Restitution made.
A. 21/36/285	Theft of stores .. ..	19 6 9	Offender placed on probation for twelve months. Restitution made.
A. 21/36/285	Theft of drum and 8 gallons of petrol	1 2 0	Offender convicted and ordered to make restitution.
A. 21/36/285	Theft of workshop stores ..	35 0 0	Offender fined £7 10s., plus costs. Goods recovered.
A. 21/36/285	Misappropriation of moneys ..	0 9 0	Offender admitted to probation for twelve months. Amount recovered.
A. 21/36/285	Misappropriation of moneys ..	2 9 11	Offender convicted and fined £5. Restitution made.
A. 21/36/285	Misappropriation of moneys ..	1 7 8	Offender admitted to probation for eighteen months. Restitution ordered.

(c) STATEMENT OF IRREGULARITIES IN CONNECTION WITH PUBLIC MONEYS AND STORES—*continued*

File No.	Nature of Irregularity.	Amount involved.	Action taken, and Result.
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CASES IN WHICH DEPARTMENTAL OFFICERS WERE INVOLVED—*continued*

## Rehabilitation Department

File No.	Nature of Irregularity.	Amount involved.			Action taken, and Result.
		£	s.	d.	
A. 21/116/5	Misappropriation of moneys and stores	2	16	9	Offender convicted and ordered to come up for sentence if called upon within eighteen months.

## Treasury Department (War Assets Realization Board)

A. 26/148 ..	Disposal of wireless sets and watches at prices under valuation by falsely representing that the Board had authorized sale	Not stated			Offender sentenced to two months' imprisonment and eighteen months' probation.
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## CASES OTHER THAN THOSE IN WHICH DEPARTMENTAL OFFICERS WERE INVOLVED

## Agriculture Department

A. 24/4/31 ..	Theft of cash . . . . .	21	16	9	*
A. 24/4/31 ..	Theft of wheels, tires, tubes, petrol-engine, timber, and spouting—three instances	Not stated			*

## Air Department

A. 21/101/80	Theft or improper possession of stores, equipment, petrol, clothing, rations, tools, arms, and ammunition—seventy-four instances	Not stated			Each case was investigated by the police or by the Air Force authorities. Convictions were obtained in seven cases. Inquiries in respect of twelve of the cases are not yet complete.
A. 21/101/78	Mufti allowance obtained by fraud	25	0	0	*
A. 21/101/78	Mufti allowance obtained by fraud—two instances	50	18	0	Offenders (2) admitted to probation for two years. Restitution ordered.
A. 21/101/81	Moneys obtained by fraud . .	18	15	4	* Officer responsible for its safe custody required to make good the loss.
A. 21/101/82	Theft of cash . . . . .	25	3	0	* Officer surcharged.
A. 21/101/78	Fraudulent cashing of allotment imprest cheques—three instances	62	10	6	Amounts recovered in two cases. Inquiries in respect of the other case are not yet complete.
A. 21/101/83	Railway tickets obtained by the issue of forged orders for travel and cash refunds irregularly obtained by the surrender of them to the Railways Department	359	1	1	*

## Army Department

A. 21/9/348	Theft or improper possession of stores, equipment, petrol, clothing, motor accessories, motor-cycles, arms, and ammunition— one hundred and seven instances	Not stated			Each case was investigated by the police or by military authorities. Convictions were obtained in five cases. Inquiries in respect of eighty-nine of the cases were unsuccessful or are not yet complete.
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(c) STATEMENT OF IRREGULARITIES IN CONNECTION WITH PUBLIC MONEYS AND STORES—*continued*

File No.	Nature of Irregularity.	Amount involved.	Action taken, and Result.
<b>CASES OTHER THAN THOSE IN WHICH DEPARTMENTAL OFFICERS WERE INVOLVED—<i>contd.</i></b>			
<b>Army Department—<i>continued</i></b>			
A. 21/9/337	Fraudulent cashing of allotment and dependant's allowance warrants—ten instances	£ s. d. 105 3 0	Each loss was investigated by the police. Convictions were obtained in four cases, and in two of these restitution was ordered. Inquiries in respect of two of the cases are not yet complete.
A. 21/9/337	Fraudulent cashing of remittance warrant	2 10 0	*
<b>Health Department</b>			
A. 21/14/37	Theft of drugs .. .. .	829 5 8	*
A. 21/14/36	Fraudulent cashing of postal warrants—eleven instances	14 13 0	* In five cases the amount of the warrants were recovered.
<b>Department of Industries and Commerce</b>			
A. 21/42/24	Theft of material .. .. .	1,090 17 4	*
A. 21/42/26	Theft of clothing .. .. .	Not stated	*
<b>Department of Labour and Employment (Employment Division)</b>			
A. 21/122 ..	Theft of cash drawn for payment of salaries	14 19 1	* Amount made good by officers responsible for its safe custody.
A. 21/122 ..	Theft of petty cash .. .. .	2 0 0	* Amount made good by officer responsible for its safe custody.
<b>Marketing Department—Internal Marketing Division (Canteen Board)</b>			
A. 21/107/36	Theft of safe containing cash (£78 1s. 3d.) and of goods (£31 17s. 5d.)	109 18 8	*
A. 21/107/36	Theft of goods .. .. .	8 0 0	*
A. 21/107/36	Theft of cash-register .. .. .	Not stated	*
<b>Mental Hospitals Department</b>			
A. 21/24/16	Theft of stores—two instances	Not stated	*
<b>Mines Department</b>			
A. 21/25/31	Theft of explosives .. .. .	Not stated	Offender admitted to probation for two years; £5 10s. received for goods not recovered.
<b>National Broadcasting Service</b>			
A. 21/97/6 ..	Theft of E.P.S. equipment ..	Not stated	*
A. 21/97/5, 7	Theft of cash drawn for payment of artists' fees	8 0 0	*
A. 21/97/5 ..	Theft of pay-envelope containing cash	11 10 9	*
<b>Navy Department</b>			
A. 21/28/17, 19	Theft or improper possession of stores, equipment, clothing, arms, and ammunition—sixteen instances	Not stated	Each case was investigated by the police or by naval authorities. Convictions were obtained in two cases. Inquiries in respect of six cases are not yet complete.



(c) STATEMENT OF IRREGULARITIES IN CONNECTION WITH PUBLIC MONEYS AND STORES—*continued*

File No.	Nature of Irregularity.	Amount involved.	Action taken, and Result.
<b>CASES OTHER THAN THOSE IN WHICH DEPARTMENTAL OFFICERS WERE INVOLVED—<i>contd.</i></b>			
<b>Navy Department—<i>continued</i></b>			
A. 21/28/18	Fraudulent cashing of allotment cheques—three instances	£ s. d. 9 6 0	Each case was investigated by the police. One conviction was obtained. Inquiries in respect of one case are incomplete.
A. 21/28/19	Loss of stores by pillage—three instances	311 9 5	*
<b>Police Department</b>			
A. 21/29/2..	Fraudulent cashing of salary cheque	13 14 11	*
<b>Post and Telegraph Department</b>			
A. 21/30/791	Fraudulent withdrawals from Post Office savings-bank accounts—ten instances	316 0 0	Each loss was investigated by the police. Six convictions were obtained and restitution of £94 ordered. Inquiries in respect of one case are not yet complete.
A. 21/30/791	Fraudulent withdrawals from war gratuity accounts—three instances	356 1 10	Each loss was investigated by the police, and two convictions were obtained.
A. 21/30/791	Theft of cash—five instances ..	89 15 2	*
A. 21/30/792	Thefts from public call offices and stamp-vending machines	232 10 4	Investigations were carried out in respect of each loss.
A. 21/30/791	Fraudulent cashing of savings-bank money - orders — two instances	15 10 1	Convictions were obtained in both cases. Amount of £4 recovered.
A. 21/30/791	Theft of registered letter ..	4 5 0	Offender arrested. Court action pending.
A. 21/30/791	Theft of registered packet containing cash	600 5 0	Government loss limited to £2.
A. 21/30/791	Fraudulent withdrawal from soldier's allotment account	12 16 6	*
A. 21/30/791	Fraudulent withdrawal from war gratuity account	10 0 0	Charge dismissed under Offenders Probation Act, 1920. Amount recovered.
A. 21/30/791	Theft of cash (15s.) and six registered letters containing departmental remittances of bank-notes and cash	76 8 10	*
A. 21/30/791	Theft of cash (£34 15s. 6d.) and social security stamps (£45 16s.)	80 11 6	*
A. 21/30/791	Theft of cash and petrol coupons	91 4 2	*
<b>Public Works Department</b>			
A. 21/35/57, 58, 59	Theft of motor parts, wheels, tires, and tubes—three instances	Not stated	A conviction was obtained in one case, and in the other two cases investigations are not yet complete.
A. 21/35/60	Theft of mobile water-pump and parts	433 1 10	*
A. 21/35/63	Theft of stores .. ..	60 13 0	*
A. 21/35/61	Theft of cement (4 bags) ..	Not stated	Offender convicted and discharged.

(c) STATEMENT OF IRREGULARITIES IN CONNECTION WITH PUBLIC MONEYS AND STORES—*continued*

File No.	Nature of Irregularity.	Amount involved.	Action taken, and Result.
<b>CASES OTHER THAN THOSE IN WHICH DEPARTMENTAL OFFICERS WERE INVOLVED—<i>contd.</i></b>			
<b>Public Works Department (Housing Construction Branch)</b>			
A. 21/35/56	Theft of timber, cement, fittings, equipment, and tools—fourteen instances	£ s. d. Not stated	Each case was investigated by the police. One conviction was obtained. Inquiries in respect of the remaining cases are not yet complete.
<b>Railways Department</b>			
A. 21/36/285	Theft of cash—seven instances	67 17 10	Each loss was investigated by the police. Two convictions were obtained, and in one case restitution (£11 12s. 9d.) was made. Officers responsible for the safe custody of £37 0s. 3d. were required to make good that amount.
A. 21/36/285	Theft of electric motors (2) and micrometers (5)	Not stated	*
A. 21/36/285	Theft of rail tickets .. ..	Not stated	*
A. 21/36/285	Theft of stores .. ..	1 17 1	*
<b>Rehabilitation Department</b>			
A. 21/116/5	Theft of tools and equipment—nine instances	Not stated	*
<b>Department of Scientific and Industrial Research</b>			
A. 21/98/13	Theft of cable enclosed in water-piping	21 10 0	*
A. 21/98/12	Theft of petrol and typewriter—two instances	Not stated	*
<b>Social Security Department</b>			
A. 21/2/101	Fraudulent cashing of sickness-benefit warrants—three instances	13 9 0	Each case was investigated by the police, and one conviction was obtained.
A. 21/2/102	Benefits obtained by fraud ..	419 0 0	Offender convicted and fined £50. Recovery being made from current allowances.
A. 21/2/103	War veteran's allowance obtained by fraud	248 1 8	Offender convicted and placed on probation for three years. Restitution ordered.
A. 21/2/98 ..	Sickness benefit obtained by fraud	112 0 0	Offender convicted and admitted to probation for two years. Restitution ordered.
A. 21/2/104	Benefits obtained by fraud ..	629 13 6	Offender admitted to probation for three years. Restitution ordered.
A. 61/8 ..	Moneys obtained by fraud ..	11 5 0	Offender fined £11 5s., plus costs.
A. 21/2/105	War veteran's allowance obtained by fraud	563 15 2	Offender convicted and sentenced to six months' imprisonment. Restitution being made from current war pension.
A. 21/2/105	Family benefits obtained by fraud	60 0 6	Offender convicted and discharged. Overpayment recovered from current family benefit.
A. 21/2/101	Benefits obtained by fraud ..	554 13 4	Offender convicted and sentenced to six months' imprisonment.

(c) STATEMENT OF IRREGULARITIES IN CONNECTION WITH PUBLIC MONEYS AND STORES—*continued*

File No.	Nature of Irregularity.	Amount involved.	Action taken, and Result.
<b>CASES OTHER THAN THOSE IN WHICH DEPARTMENTAL OFFICERS WERE INVOLVED—<i>contd.</i></b>			
<b>Social Security Department—<i>continued</i></b>			
A. 21/88/46	One hundred and sixty-four cases in which recipients of rehabilitation, war pensions, unemployment, sickness, and other benefits obtained in excess of scale rates by failing promptly to disclose material particulars of their circumstances to the Social Security Department	£ s. d. 1,992 17 0	Excepting a small number where beneficiaries are on military service, in straitened circumstances, or deceased, efforts have been made to obtain refunds.
<b>State Forest Service</b>			
A. 21/87/7	Theft of pay-envelope containing cash	5 19 8	* Officer responsible for its safe custody required to make good the loss.
<b>Transport Department</b>			
A. 21/105/2	Theft of motor tire .. ..	Not stated	*
<b>Treasury Department (War Assets Realization Board)</b>			
A. 21/9/342	Theft of clothing, equipment, and tools—three instances	Not stated	*
A. 21/9/353	Theft of pay-envelope containing cash	14 3 2	*

## (d) SCHEDULE OF SUMS ALLOWED BY THE AUDIT OFFICE AS PAID, UNDER PROVISIONS OF SECTION 73, PUBLIC REVENUES ACT, 1926

Section 73, which requires the Audit Office to disallow any sum as paid where the voucher for the actual receipt or payment has not been produced, empowers the Minister, on satisfactory evidence being produced that the requisite papers have been lost or destroyed or that it is not possible to obtain or replace them, to order that the relative sum be allowed.

The powers of the Minister under section 73 have been delegated to the Secretary to the Treasury in terms of section 15 of the Finance Act, 1937, and the following payments have been passed by the Audit Office pursuant to orders made under the delegated powers :—

Department and Particulars.	Reason.	Amount.	Total Amount.
		£ s. d.	£ s. d.
<b>Agriculture</b>			
Petty cash payments .. ..	Vouchers lost .. ..	3 9 7	
Servicing motor-vehicles .. ..	Voucher lost .. ..	353 7 2	
Travelling-expenses .. ..	Receipts not obtained .. ..	16 15 6	
Travelling - expenses of officers travelling overseas	Receipts not obtained .. ..	229 19 1	
Veterinary bursary .. ..	Receipt lost .. ..	12 0 0	
Wages .. ..	Vouchers lost .. ..	3,699 7 0	
			4,314 18 4

## (d) SCHEDULE OF SUMS ALLOWED BY THE AUDIT OFFICE AS PAID, UNDER PROVISIONS OF SECTION 73, PUBLIC REVENUES ACT, 1926—continued

Department and Particulars.	Reason.	Amount.	Total Amount.
<b>Air</b>			
Goods and services .. ..	Receipts lost .. ..	£ s. d. 19 2 8	£ s. d.
Mess expenses : personnel returning from overseas	Receipts not obtained .. ..	22 0 2	
Outfit allowance .. ..	Receipt lost .. ..	25 7 8	
Pay and allowances .. ..	Vouchers lost .. ..	243 18 7	
Repatriation expenses .. ..	Vouchers lost .. ..	250 1 5	
Travelling-expenses .. ..	Receipts not obtained .. ..	89 19 4	
Travelling-expenses .. ..	Receipts lost .. ..	50 4 1	700 13 11
<b>Army</b>			
Allotments .. ..	Vouchers lost .. ..	9 16 0	
Imprest Account, N.Z. Liaison Officer, Bombay .. ..	Vouchers lost in transit .. ..	1,306 16 3	
Messing - expenses : personnel returning from overseas	Receipts not obtained .. ..	8 16 9	
Pay and allowances .. ..	Voucher lost .. ..	27 9 0	
Purchase of publications .. ..	Vouchers lost .. ..	4 6 11	
Purchase of stationery .. ..	Receipts unobtainable .. ..	31 5 0	
Repatriation expenses escaped prisoner of war	Receipts lost .. ..	104 13 3	
Travelling-expenses .. ..	Receipts not obtained .. ..	97 12 11	1,590 16 1
<b>Customs</b>			
Postages and telegrams .. ..	Voucher lost .. ..	116 0 1	116 0 1
<b>Education</b>			
Purchase of publications .. ..	Receipts not obtained .. ..	6 12 11	
Purchase of publications .. ..	Vouchers lost .. ..	32 14 2	
Travelling-expenses .. ..	Receipts not obtained .. ..	45 14 1	85 1 2
<b>External Affairs</b>			
Cables .. ..	Receipts unobtainable .. ..	1 17 10	
Publications .. ..	Receipt not obtained .. ..	10 5 1	
Miscellaneous payments, Moscow Legation	Receipts not obtained .. ..	573 6 1	
Miscellaneous payments, Washington Legation	Receipts not obtained .. ..	212 13 1	
Salary of officer, travelling overseas	Receipt incomplete .. ..	91 18 2	890 0 3
<b>Health</b>			
Goods and services .. ..	Vouchers lost .. ..	16 6 5	
Medical services .. ..	Vouchers lost .. ..	26 8 7	
Postages and telegrams, &c. .. ..	Voucher lost .. ..	158 5 0	
Travelling-expenses .. ..	Receipts not obtained .. ..	18 11 0	
Wages .. ..	Voucher lost .. ..	121 3 5	340 14 5
<b>Housing</b>			
Wages .. ..	Vouchers lost .. ..	189 19 3	189 19 3
<b>Industries and Commerce</b>			
Petty cash payments .. ..	Vouchers lost .. ..	48 7 6	
Travelling-expenses .. ..	Receipts not obtained .. ..	30 1 6	
Wages .. ..	Voucher lost .. ..	3 0 0	81 9 0
<b>Internal Affairs</b>			
Toll calls .. ..	Receipt not obtained .. ..	1 18 10	1 18 10
<b>Island Territories</b>			
Goods and services .. ..	Vouchers lost .. ..	1,156 15 10	
Postages and telegrams, &c. .. ..	Voucher lost .. ..	220 16 6	
Travelling-expenses .. ..	Receipt not obtained .. ..	7 1 7	1,384 13 11

## (d) SCHEDULE OF SUMS ALLOWED BY THE AUDIT OFFICE AS PAID, UNDER PROVISIONS OF SECTION 73, PUBLIC REVENUES ACT, 1926—continued

Department and Particulars.	Reason.	Amount.	Total Amount.
<b>Justice and Prisons</b>		£ s. d.	£ s. d.
Maintenance .. .. .	Receipt not obtained .. .. .	1 0 0	
Overtime .. .. .	Voucher lost .. .. .	5 12 11	
Phone rental .. .. .	Receipt not obtained .. .. .	0 14 2	
Postages and telegrams, &c. .. .. .	Voucher lost .. .. .	590 1 10	
Prisoners' earnings .. .. .	Voucher lost .. .. .	0 10 10	
Travelling-expenses .. .. .	Vouchers lost .. .. .	31 19 2	
Witnesses' and jurors' expenses .. .. .	Vouchers lost .. .. .	353 4 9	983 3 8
<b>Labour</b>			
Cables .. .. .	Receipts not obtained .. .. .	7 3 0	
Postages and telegrams .. .. .	Voucher lost .. .. .	34 12 0	
Repairs to motor-vehicles .. .. .	Voucher lost .. .. .	18 10 0	
Travelling-expenses .. .. .	Receipts not obtained .. .. .	51 11 8	
Travelling-expenses of officers travelling overseas .. .. .	Receipts not obtained .. .. .	121 5 5	233 2 1
<b>Land and Income Tax</b>			
Postages and telegrams .. .. .	Voucher lost .. .. .	124 14 7	
Refunds of income-tax .. .. .	Voucher lost .. .. .	4 19 5	129 14 0
<b>Land and Deeds</b>			
Travelling-expenses .. .. .	Receipt not obtained .. .. .	1 7 6	1 7 6
<b>Lands and Survey</b>			
Postages and telegrams .. .. .	Voucher lost .. .. .	219 4	
Toll calls .. .. .	Receipt not obtained .. .. .	0 6 0	
Travelling-expenses .. .. .	Receipts not obtained .. .. .	15 14 6	235 6 10
<b>Marine</b>			
Launch hire .. .. .	Voucher lost .. .. .	358 1 8	
Post and telegraph services .. .. .	Vouchers lost .. .. .	246 19 0	
Wages .. .. .	Voucher lost .. .. .	41 19 1	646 19 9
<b>Marketing</b>			
Expenses of Meat Marketing Committee .. .. .	Receipts not obtained .. .. .	15 9 6	15 9 6
<b>Mental Hospitals</b>			
Overtime .. .. .	Voucher lost .. .. .	135 4 11	
Postages and telegrams .. .. .	Voucher lost .. .. .	77 0 10	
Travelling-expenses of officer overseas on appointment to the Service .. .. .	Receipts not obtained .. .. .	87 10 2	299 15 11
<b>Mines</b>			
Purchase of publications .. .. .	Voucher lost .. .. .	1 11 1	
Travelling-expenses of officer travelling overseas .. .. .	Receipts not obtained .. .. .	54 6 3	
Travelling-expenses .. .. .	Receipts not obtained .. .. .	33 15 3	89 12 7
<b>Ministry of Supply</b>			
Freight charges .. .. .	Vouchers lost .. .. .	62 3 1	
Goods and services .. .. .	Voucher lost .. .. .	904 4 0	
Purchase of publications .. .. .	Receipts not obtained .. .. .	3 19 7	
Postages, telegrams, and office expenses, Washington .. .. .	Voucher lost .. .. .	1,632 4 2	
Salaries .. .. .	Receipt not obtained .. .. .	22 10 7	
Toll calls .. .. .	Receipt not obtained .. .. .	0 5 8	
Travelling-expenses .. .. .	Receipts not obtained .. .. .	124 13 7	
Uniforms .. .. .	Receipts not obtained .. .. .	3 4 8	2,753 5 4

## (d) SCHEDULE OF SUMS ALLOWED BY THE AUDIT OFFICE AS PAID, UNDER PROVISIONS OF SECTION 73, PUBLIC REVENUES ACT, 1926—continued

Department and Particulars.	Reason.	Amount.	Total Amount.
<b>National Service</b>		£ s. d.	£ s. d.
Postages and telegrams .. ..	Voucher lost .. ..	116 5 0	
Post and Telegraph services .. ..	Vouchers lost .. ..	3,597 5 10	
Travelling expenses .. ..	Receipts not obtained .. ..	69 11 1	3,783 1 11
<b>Native</b>			
Grazing charges .. ..	Voucher lost .. ..	1 16 0	
Petty cash payments .. ..	Receipts not obtained .. ..	0 15 3	2 11 3
<b>Navy</b>			
Goods and services .. ..	Voucher lost .. ..	23 13 9	
Pay and allowances .. ..	Voucher lost .. ..	91 0 0	114 13 9
<b>Police</b>			
Goods and services .. ..	Receipt not obtained .. ..	0 16 6	
Gaming Act enforcement .. ..	Receipts unobtainable .. ..	75 5 7	
Licensing Act enforcement .. ..	Receipts unobtainable .. ..	7 13 6	
Witnesses' expenses .. ..	Vouchers lost .. ..	118 11 11	202 7 6
<b>Post and Telegraph</b>			
Goods and services .. ..	Vouchers lost .. ..	284 12 8	
Wages .. ..	Voucher lost .. ..	9 6 3	293 18 11
<b>Prime Minister</b>			
Freight charges .. ..	Receipt unobtainable .. ..	5 6 8	
Purchase of publications .. ..	Receipts not obtained .. ..	2 12 6	7 19 2
<b>Printing and Stationery</b>			
Postages and telegrams .. ..	Voucher lost .. ..	110 18 5	110 18 5
<b>Public Works</b>			
Cables .. ..	Receipt not obtained .. ..	1 12 11	
Goods and services .. ..	Receipt not obtained .. ..	1 4 7	
Purchase of publications .. ..	Receipts not obtained .. ..	14 5 1	
Toll calls .. ..	Receipts not obtained .. ..	6 12 7	
Travelling - expenses of officers travelling overseas .. ..	Receipts not obtained .. ..	134 1 1	
Travelling-expenses .. ..	Receipts not obtained .. ..	15 3 4	172 19 7
<b>Railways</b>			
Travelling-expenses .. ..	Receipts not obtained .. ..	1 14 6	1 14 6
<b>Rehabilitation</b>			
Overtime .. ..	Voucher lost .. ..	7 5 10	
Postages and telegrams .. ..	Voucher lost .. ..	17 18 0	
Purchase of publications .. ..	Receipt not obtained .. ..	2 0 0	
Travelling-expenses .. ..	Receipts not obtained .. ..	127 7 5	154 11 3
<b>Scientific and Industrial Research</b>			
Purchase of publications .. ..	Vouchers lost .. ..	2 8 10	
Travelling-expenses .. ..	Receipts not obtained .. ..	16 0 0	18 8 10
<b>Social Security Fund</b>			
Expenses of evacuees .. ..	Vouchers lost .. ..	4 16 8	
Pensions .. ..	Receipts lost .. ..	28 15 0	
Post and Telegraph services .. ..	Voucher lost .. ..	763 4 1	
Post and Telegraph repair service .. ..	Voucher lost .. ..	2 4 6	799 0 3
<b>Stamp Duties</b>			
Postages and telegrams .. ..	Voucher lost .. ..	63 13 10	63 13 10

(d) **SCHEDULE OF SUMS ALLOWED BY THE AUDIT OFFICE AS PAID, UNDER PROVISIONS OF SECTION 73, PUBLIC REVENUES ACT, 1926—continued**

Department and Particulars.	Reason.	Amount.	Total Amount.
<b>State Forest Service</b>		£ s. d.	£ s. d.
Freight charges .. ..	Receipt not obtained .. ..	0 13 6	
Freight charges .. ..	Voucher lost .. ..	1 18 3	
Postages and telegrams .. ..	Voucher lost .. ..	202 6 3	
Travelling-expenses .. ..	Receipt not obtained .. ..	1 4 0	
Workers' compensation .. ..	Receipt not obtained .. ..	3 5 3	209 7 3
<b>Tourist and Health Resorts</b>			
Purchase of publication .. ..	Receipt not obtained .. ..	1 9 0	
Toll calls .. ..	Receipt not obtained .. ..	0 5 4	1 14 4
<b>Transport</b>			
Postages and telegrams .. ..	Vouchers lost .. ..	112 17 10	112 17 10
<b>Treasury</b>			
Cables .. ..	Receipt not obtained .. ..	3 8 9	
Overtime .. ..	Vouchers lost .. ..	113 5 6	
Postages and telegrams .. ..	Vouchers lost .. ..	98 19 3	
Travelling-expenses of officers travelling overseas .. ..	Receipts not obtained .. ..	86 0 5	
Travelling expenses .. ..	Receipts not obtained .. ..	2 8 10	
UNRRA expenses of clothes drive .. ..	Receipts not obtained .. ..	29 19 8	
			334 2 5
			£21,468 3 5

NOTE.—The recurring item "Postages and telegrams, Vouchers lost" calls for explanation. A complete bundle of vouchers covering payments in respect of numerous Departments disappeared on, it is said, VJ Day.

(e) **PROCEEDINGS TAKEN AGAINST DEFAULTERS AND OTHERS**

Particulars of cases in which proceedings have been taken in pursuance of section 69 (3) of the Public Revenues Act, 1926, are included in the statement under para. (c), page 5.

The Audit Office is required by the above-mentioned section to take all such steps as it thinks fit to prosecute according to law all defaulters in respect of any public moneys or stores, but the section does not prevent prosecutions in such cases by persons other than the Audit Office. The statement includes, therefore, prosecutions which were instituted by Departments concerned as well as those instituted by the Audit Office.

(f) **SURCHARGES**

Section 69 (1) of the Public Revenues Act, 1926, provides that the Controller and Auditor-General shall surcharge the person responsible wherever it appears to the Audit Office that public moneys or stores have been lost through the default, neglect, fraud, or error of any servant of the Crown.

In the past year it was found necessary to surcharge four officers, the surcharges being in respect of loss of stores.

Any person surcharged has the right under section 71 of the Act to appeal to the Minister of Finance, and the Minister may thereupon confirm or waive the surcharge as he thinks fit. Two of the surcharges issued were made the subject of appeal, one other being satisfied in full.

The appended table summarizes the position in connection with surcharges issued :—

Department.	Number of Surcharges.	Upon Appeal.		Total Amount of Surcharges Issued.
		Confirmed.	Waived.	
		£ s. d.	£ s. d.	£ s. d.
Army .. .. .	2	20 0 0	180 8 9	400 17 6
Post and Telegraph .. .. .	1	(No appeal lodged)		0 10 2
Scientific and Industrial Research ..	1	..	49 7 2	49 7 2
	4	20 0 0	229 15 11	450 14 10

One surcharge of £301 10s. included in last year's list remains unsatisfied, and one of this year for £200 8s. 9d. is in the same position. In each case money which would otherwise be due to the person concerned is being withheld.

### (g) DETAILED AUDIT OF ACCOUNTS DISPENSED WITH

Section 72 of the Public Revenues Act, 1926, authorizes the Controller and Auditor-General, with the consent of the Minister, to dispense with a detailed audit of any accounts in circumstances which render a detailed audit unnecessary.

The Minister was not asked to make any new exercise of his power under this section during the year.

### (h) GENERAL INFORMATION

It is mentioned on page 3 of this report that the public accounts received from the Treasury have been published as B-1 [Pt. I]—

That statement includes details of the Civil List Act, 1920, presented in terms of section 65 of the Constitution Act, 1852, and shown previously as a separate statement.

The following additional statements complete parliamentary paper B-1 [Pt. I] :—

The statement of the appropriation accounts required by section 86, Public Revenues Act, 1926 :

The statement of the Unauthorized Expenditure Account required by section 58, Public Revenues Act, 1926 :

Statement of the Public Debt of New Zealand and summary of the transactions thereof :

The Statement of Advances by the Reserve Bank to the Government by way of overdraft :

The Statement of Loans guaranteed by the Government.



### Repayment of Public Debt

The following table gives particulars of the amount of securities redeemed under the provisions of the Repayment of the Public Debt Act, 1925, and the total cost of redemption :—

Rate of Interest, per Cent.	Nominal Value of Securities redeemed.						Total Cost of Redemptions.	
	Total to 31st March, 1946.		Year 1946-47.		Total to 31st March, 1947.			
	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Free of interest ..	780	0 0	..	..	780	0 0	780	0 0
1½ .. ..	459,417	10 0	..	..	459,417	10 0	459,417	10 0
1½ .. ..	1,760,437	0 0	..	..	1,760,437	0 0	1,760,437	0 0
2½ .. ..	195,710	0 0	4,032,480	0 0	4,228,190	0 0	4,228,190	0 0
2½ .. ..	199,200	0 0	..	..	199,200	0 0	199,200	0 0
3 .. ..	5,443,468	14 8	322,820	0 0	5,766,288	14 8	5,766,288	14 8
3¼ .. ..	596,485	0 0	16,665	0 0	613,150	0 0	613,150	0 0
3½ .. ..	7,067,676	8 8	..	..	7,067,676	8 8	7,067,676	8 8
3¾ .. ..	288,111	7 4	..	..	288,111	7 4	288,111	7 4
4 .. ..	5,687,702	0 6	2,798,343	10 0	8,486,045	10 6	8,474,357	19 7
4½ .. ..	2,104,760	0 0	..	..	2,104,760	0 0	2,089,382	5 0
5 .. ..	5,423,735	0 0	..	..	5,423,735	0 0	5,423,181	5 0
5½ .. ..	1,530,990	0 0	..	..	1,530,990	0 0	1,530,972	10 0
5½ .. ..	1,033,310	0 0	..	..	1,033,310	0 0	1,030,894	12 2
6 .. ..	2,633,588	9 9	..	..	2,633,588	9 9	2,612,292	8 8
	34,425,371	10 11	7,170,308	10 0	41,595,680	0 11	41,544,332	1 1

The opening balance of the Public Debt Repayment Account was £3,351,504 10s. 8d., and during the year £4,048,498 17s. 7d. was transferred from the Consolidated Fund to that account. Securities of a nominal value of £7,170,308 10s., as shown above, were redeemed, leaving a balance at 31st March of £229,694 18s. 3d.

The following statement shows the amounts of loans subject to the Repayment of the Public Debt Act, 1925, and those not subject to the Act, as at 31st March, 1947. The amounts set opposite the several accounts, other than the Ordinary Revenue Accounts and War Expenses Account (1939), represent also the amounts of capital liability due by such accounts to the Consolidated Fund in terms of section 6 of the National Development Loans Act, 1941.

## Particulars.

**Loans subject to the Repayment of the Public Debt Act, 1925—**

Consolidated Fund: Ordinary Revenue Account—	£	s.	d.	£	s.	d.
Greymouth Harbour Board Account .. .. .	148,000	0	0			
Mining Advances Account .. .. .	33,209	0	11			
Miscellaneous .. .. .	10,721,496	14	1			
War Expenses Account (1914–18) .. .. .	58,295,565	16	5			
Exchange Account .. .. .	30,180,070	17	2			
Bank of New Zealand Shares Account .. .. .	8,045,165	0	0			
British Commonwealth Pacific Air Lines, Ltd. .. .. .	3,000	0	0			
British Petroleum Company of New Zealand, Ltd. .. .. .	63,750	0	0			
Housing Account .. .. .	31,606,331	6	0			
Iron and Steel Industry Account .. .. .	22,000	0	0			
Land for Settlements Account .. .. .	10,650,270	2	3			
Cheviot Estate Account .. .. .	160,918	0	0			
Linen Flax Corporation .. .. .	190,000	0	0			
Main Highways Account .. .. .	12,159,168	11	8			
New Zealand National Airways Corporation .. .. .	300,000	0	0			
Public Works Account—						
Public Works .. .. .	177,400,820	18	10			
Housing Construction .. .. .	4,716,574	5	11			
State Forests Account .. .. .	4,927,438	7	5			
War Expenses Account (1939) .. .. .	221,100,463	10	8			
				570,724,242	11	4
Less loans represented by funded debt to the Imperial Government .. .. .				30,125,249	8	3
				540,598,993	3	1

**Loans not subject to the Repayment of the Public Debt Act, 1925—**

Loans for which provision for repayment is otherwise provided—	£	s.	d.			
State Coal-mines Account .. .. .	1,888,147	3	0			
Electric Supply Account .. .. .	27,945,630	2	1			
Nauru and Ocean Islands Account .. .. .	192,044	7	3			
State Advances Account .. .. .	34,001,697	0	10			
				64,027,518	13	2
Funded debt to the Imperial Government .. .. .				30,125,249	8	3
				£634,751,761	4	6

### Increase and Decrease of the Public Debt

The following statement shows increases and decreases of the public debt during the year—

						£	s.	d.
Total debt as at 31st March, 1946	..	..	..	..	..	624,511,589	12	9
<b>Increases during the year—</b>								
Bank of New Zealand Shares Account	..	..	..	..	..	3,070,985	0	0
National Development Loans	..	..	..	..	..	15,600,000	0	0
War Expenses	..	..	..	..	..	7,964,694	12	6
						26,635,679	12	6
						651,147,269	5	3
<b>Decreases during the year—</b>								
War expenses debt redeemed	..	..	..	..	..	8,638,737	4	10
Other debt redeemed	..	..	..	..	..	7,756,770	15	11
						16,395,508	0	9
Total debt as at 31st March, 1947	..	..	..	..	..	£634,751,761	4	6

The statement shows that the total public debt has been increased during the year by £10,240,171 11s. 9d. This increase is entirely represented by long-term debt, the short-term Treasury bills debt having remained at the same figure as that shown in my previous report (£55,000,000).

### Reduction of Interest paid

As between the financial years 1945-46 and 1946-47 a saving of over £1,000,000 has been effected in the amount of interest paid on the public debt.

This saving has been achieved as follows:—

- (1) By repayment in London of loans bearing high rates of interest and borrowing in New Zealand at lower rates any cash required for these redemptions.
- (2) By conversion of securities domiciled in New Zealand to other securities bearing lower rates of interest.
- (3) By a reduction in the rate of interest payable on Treasury bills.

### Excess unauthorized

As already mentioned in connection with transactions requiring validating legislation, the unauthorized authority provided by section 58 of the Public Revenues Act, 1926, was overdrawn by £2,032,677. Overdrawals have now occurred in five successive years, and this fact renders the statutory limit something of a dead letter. It is, however, satisfactory to notice from the abstract published at pp. 61-66 of the Public Accounts that in respect of 1946-47 there was no general overspending of votes, and that a large part of the excess arose from single special items.

### Crown Suits Act, 1908

Section 31 of the Crown Suits Act, 1908, provides that where a judgment has been given against the Crown a certificate of the amount awarded shall issue from the Court, and section 32 provides that "on receipt of such certificate the Governor-General may cause to be paid out of any money specially appropriated by Parliament to that purpose

such damages as are awarded to the petitioner . . . .” The attention of Treasury was drawn to an instance of non-compliance with the statutory appropriation requirements and it issued a circular in the terms following—

The attention of all Departments is drawn to section 32 of the Crown Suits Act, 1908, concerning damages payable by the Crown. This section provides that such payments may be made “out of any money specially appropriated by Parliament to that purpose.”

In a number of votes on the estimates provision is made in the preamble for the payment of damages and compensation, but, in view of the wording of section 32, this is not sufficient as an appropriation.

In future, therefore, Departments which incur expenditure of this nature and have no specific item on the estimates for damages and compensation should make these payments from “Unauthorized expenditure” and take an item subsequently on the main or supplementary estimates. If the Appropriation Act has been passed, the expenditure should be charged to “Unauthorized,” which is sanctioned by inclusion in the Fourth Schedule of the Appropriation Act for the following year.

The Audit Office has agreed to accept an item such as “Compensation or damages in respect of accidents or injuries to workmen” as being specific in terms of section 32, or to accept a charge against “Unauthorized” where no such item has been taken. It has, however, done so with some doubt, as it has been laid down by the Court of Appeal that “the control of Parliament is not affected by the award or judgment of the Court on a petition under the Act, and it rests entirely with Parliament to say whether any sum found by the Court to be payable shall be paid.”

### **Travelling-expenses incurred on Official Visits Overseas**

During the financial year 1946-47 there was an increase, as compared with previous years, in the number of public servants travelling out of New Zealand on official business. These visits overseas, in terms of decisions made in 1930 and 1938, require the approval of Cabinet.

Comment was made in last year’s report that there had been considerable delay in completing the accounts of some of these travellers. In general there has been an improvement in this respect, and most vouchers are now being submitted with reasonable promptitude and with adequate authorities in support.

The item in each vote against which overseas travel costs are charged is usually worded “Expenses of officers travelling overseas,” but such an item, being a provision for actual expenses or daily allowances, is not appropriate where, as sometimes happens, lump-sum grants are made to cover costs. The item in vote, “External Affairs,” under which Ministerial overseas travel costs have been charged—viz., “New Zealand representation at International Conferences: travelling and other expenses of delegations,” is similarly inappropriate when grants are involved. Prior to the war such grants were required, following established practice, to be appropriated under the name or designation of each individual, and a number of examples can be found in the Estimates of earlier years, particularly under vote, “Internal Affairs.”

In view of the increase in overseas travel, and so as to avoid the necessity for Departments taking numerous items in the estimates, or having recourse to "Unauthorized," the Audit Office has agreed to accept a proposal of Treasury that these grants should be charged against the general items for expenses for overseas travel, and that further details of expenses and individual grants should be supplied in footnotes to the items in the following year's estimates.

Grants made to overseas travellers are as a rule intended to be a reimbursement of personal costs such as accommodation expenses, and do not usually include locomotion expenses, which are either paid for separately or, as has happened in some cases, have been borne by other Governments. Locomotion expenses, when payable, form a substantial item in the costs of overseas visits—*e.g.*, a single air fare between New Zealand and London costs from £350 upwards and the use of air transport is increasing. These locomotion expenses should appear separately in the footnotes referred to in the preceding paragraph.

### Costs of victualling Government Vessels

Opportunity was found by Audit some few months ago to investigate the cost of victualling m.v. "Maui Pomare" and s.s. "Matai." The consumption of foodstuffs in each vessel, as indicated by the figures extracted in respect of certain voyages, appeared to be unduly high, and raised much doubt as to whether such quantities could actually have been consumed on the vessels. Representations have been made to this effect to the controlling Departments. In addition, the arrangements in respect of sales of wines, spirits, and tobacco on the "Maui" appeared to be unfavourable to the Department concerned, and, as a result of the Audit inspection, the matter has been placed on a more satisfactory basis. The "Maui" is controlled by the Island Territories Department and the "Matai" by the Marine Department.

### Barque "Pamir"

Reference has previously been made to the first six voyages of the "Pamir," which is managed by the Union Steam Ship Co., Ltd., on behalf of the Government. Voyage accounts for the seventh and eighth voyages, which were prepared by the Marine Department and are merely statements of disbursements and receipts, show a profit of £3,091 and a loss of £17,787 respectively. The following is a summary of the accounts:—

#### *Wellington to Vancouver and Return*

—	Voyage 7 : 22/9/45 to 13/3/46.	Voyage 8 : 5/5/46 to 1/10/46.	—	Voyage 7.		Voyage 8.	
				Receipts.	Cargo.	Receipts.	Cargo.
Disbursements ..	£ 24,533	£ 37,005	Freight north ..	£ 5,800	Tallow.	£ 5,491	Tallow.
Excess receipts over payments	3,091	..	Freight south ..	21,824	Wheat.	13,727	Coal.
			Excess payments over receipts	..	..	17,787	
	27,624	37,005		27,624		37,005	

The Marine Department is supplied by its agents with expense vouchers, manifests, &c., but not with victualling returns or statements of receipts and issues of saleable stores. It is therefore not in a position to state whether the vessel has been managed with reasonable economy, but the agents have advised the Department that the ship's records of costs and receipts have been checked by them. At the request of the Audit Office, inquiries are now being made as to the increase in costs between the seventh and eight voyages.

During the ninth voyage, Wellington to Sydney via Lyttelton, commencing on 4th November, 1946, and ending on 27th April, 1947, the ship was in Sydney for three months. At the time of writing this report the accounts for this voyage had not been received from the agents.

Prior to 1st April, 1946, the receipts and payments on account of the "Pamir" were reflected in the War Expenses Account. During the year 1946-47 the payments were charged to an item "Barque 'Pamir': Working Expenses" in vote, "Marine," and the receipts were credited to Marine Department, "Departmental receipts."

### **Subsidy on Stock Fodder and Chartering of Ships**

To assist in relieving a stock-food shortage caused by drought conditions in the Auckland district in the early part of 1946 the Government chartered five overseas vessels to transport fodder from South Island ports. The vessels were operated by the Union Steam Ship Co. Ltd., which was allowed a commission on freights earned. Freights included large quantities of general cargo, and some of the vessels made more than one round voyage. The cost of running these ships on the New Zealand coastal trade exceeded their freight earnings by approximately £10,000 before making any charge for the actual charters.

In one case (the "Catspaw") the charter cost and payment for bunkers totalled £64,218, which was charged to Unauthorized Expenditure Account, but the costs of chartering the other ships have not yet come to charge. The net difference between costs met by the agents in operating the ships and the freight collected was debited against an item "Grants in relief of flood, fire, earthquake, &c." in vote, "Internal Affairs," to which a footnote is added in the estimates to the effect that it includes provision for drought relief in the North. The net shipping losses, £10,000, excluding charter costs, charged to it during 1946-47 are in respect of three ships, the fourth ship showed a return of £1,000, and a deficit of £872 in respect of the fifth came to charge after 1st April, 1947.

With regard to earnings, ordinary coastal freight receives a subsidy from vote, "Stabilization," but with these chartered ships Treasury withheld the subsidy as it would not have affected the net cost to the State.

In addition to net losses on operating the hired ships, payments totalling £44,300 were made to merchants and others to keep the sale price of fodder within the ceiling-price and were charged against the item on vote, "Internal Affairs."

A ship, also operated by the Union Steam Ship Co. of New Zealand, Ltd., was chartered by the Government to transport general cargo between Australia and New Zealand, and the result was an operating profit of £8,906, which will be credited in the 1947-48 accounts. No charter charges have yet been paid.

The Audit Office has recently inquired from the Departments concerned the authority of law for the State to embark on shipping ventures, but it has not yet been satisfied on the point. Vessels were also chartered by the Union Company to transport general intercolonial cargoes. The Government agreed to guarantee the company against loss on these charters, and has paid £150,000 in part settlement for losses incurred up to March, 1947.

### **Social Security (Medical Benefits)**

The Audit Office has the assurance of the Health Department that during the year the revision of the patients' lists, which determine the amount of capitation fees payable to medical practitioners providing services, has been maintained.

The Audit Office itself carried out test checks at district offices of the Health Department of payments made to patients from the Fund as refunds of amounts paid to medical practitioners, and the position revealed was satisfactory.

### **Polish Children's Camp, Pahiatua**

Late in 1944, 730 children and 110 adults of Polish nationality arrived in New Zealand and were accommodated in a camp at Pahiatua. Following various overseas financial arrangements, Cabinet decided that as from 1st May, 1946, New Zealand would carry the full responsibility for maintenance, and provision was made in vote, "Internal Affairs."

Policy is guided by the Prime Minister's Department, and administration of the camp is by Army personnel with a Polish delegate and staff to assist.

Expenditure on maintenance and administration during the financial year 1946-47 was £126,800, with £5,700 outstanding at the end of the year. There is no capital expenditure in these amounts, all such costs having already been met from War Expenses Account.

Audit inspections have been carried out at the camp, where receivers' accounts have been inspected, and reference made to camp records to support expenditure made from imprest accounts.

### **Departmental Accounts and Balance-sheets**

In accordance with the provisions of the Public Revenues Act, 1926, the general public accounts are prepared on a receipts and payments basis. Several special enactments provide for the preparation of revenue accounts and balance-sheets in connection with certain activities of the State, and section 57 of the Finance Act, 1932, provides for similar accounts and balance-sheets for such Departments as the Minister of Finance may direct.

The balance-sheets of the following Departments and bodies audited by the Audit Office are presented to Parliament with the relative annual reports: Canteen Board, Government Insurance, Housing, King George V Memorial Fund, Linen Flax Corporation,

Main Highways, Marketing, National Airways, National Patriotic Fund, Public Service Superannuation, Public Trust, Railways, Railways Superannuation, State Advances, State Coal, State Fire and Accident Insurance, Teachers' Superannuation, War and Earthquake Damage, Waterfront Industry, and Wool Disposal Commission.

The remainder of the accounts appear in parliamentary paper B.—1 [Pt. IV], and those to be presented during the present session will cover the financial year 1945—46.

Prior to the war all balance-sheets, whether presented with a relative annual report or not, were included in B.—1 [Pt. IV], and the Audit Office suggests that this practice should be resumed as affording a readier means of reference than that now followed.

### **Interest on Capital Liability**

Mention was made on page 20 of last year's report of the extent to which interest on capital liability had been paid by various accounts.

During the past financial year three accounts—Housing Construction, State Advances, and Post Office—paid their interest in full.

The following accounts paid a portion: Land for Settlements, Electric Supply, and Housing.

The unpaid portions due by Electric Supply and Housing Accounts have since been received.

The Working Railways Account paid the balance of interest owing for the year 1945—46, and the whole amount owing for 1946—47 has been remitted by the Minister of Finance in terms of section 14 of the Finance Act (No. 2), 1930.

No interest was paid by Main Highways, State Coal-mines, State Forests, Nauru and Ocean Islands, Iron and Steel Industry, and Linen Flax Corporation accounts.

### **Electric Supply Account**

Under the provisions of the State Supply of Electrical Energy Act, 1917, two profit and loss accounts are prepared, one for all State generating-stations in the North Island and one for the South Island.

The Act and amendments provide for the charging of depreciation and debt repayment instalments and the creation of a General Reserve, and the Electric Supply Account became liable for taxes under section 4 of the Land and Income Tax Amendment Act, 1940.

As mentioned in the annual report of the State Hydro-electric Department for the year 1945—46, it has not been possible to meet the combined debit for depreciation, taxes, and debt repayment from current income, and the whole amount of the General Reserve of £480,000 has been applied towards this purpose. Arrears of contributions for debt repayment remaining due to the Loans Redemption Account at 31st March, 1946, amounted to £376,532 and £176,623 in the accounts of the North Island and the South Island respectively.



### **Hauraki Plains Settlement Account**

The Hauraki Plains Settlement Act, 1926, and previous enactments provided for the drainage and settlement of some 91,700 acres of land, of which some 30,579 acres have been improved and sold, 16,936 acres have been leased, and 1,973 acres are being prepared for settlement. Approximately 2,856 acres are taken up in roads, rivers, drains, reserves, &c., and the balance, 39,356 acres, appears to be unsuitable for settlement. The cost of draining the land was debited in the books of the Hauraki Plains Settlement Account to "Works in progress" and the value of the improved properties transferred to the Land Board for settlement was credited. If the drainage portion of the operations was financially successful as far as the Hauraki Plains Settlement Account was concerned, the debit balance in the books at any time should have been covered by the value of lands not then handed over, and at an early date of operations the Audit Office was advised that this was in fact the position. In recent years, however, it has become apparent that the advice was erroneous. Lands have been sold or leased at figures which, in the opinion of the Lands Department, represented their full value as farming propositions, but which did not permit recovery of a large proportion of the costs incurred in respect of them. The last accounts of the scheme presented to Parliament were in respect of the year to 31st March, 1945, and to that date £665,000 had been written off Capital Account, and there was an accumulated loss of £380,000 in Revenue Account.

The matter came under notice again recently in connection with the adjustment of accounts resulting from the settlement of the last block of land to be dealt with. This land was transferred to the Small Farms Account, which controls the block, from the Hauraki Plains Settlement Account, at 10s. per acre, being the original book value of the whole Hauraki area before drainage commenced. The Small Farms Account has not been loaded with any portion of the cost of the main drains, but the cost of 210 miles of subsidiary drains on the block in question will be charged directly against it. As disposal of the land by Small Farms Account will be based on productive value and as a loss is considered to be inevitable even without any charge in respect of the main drains, Audit did not press for any adjustment.

It is realized that the losses shown by the accounts do not necessarily indicate that the scheme has not justified itself by results, and no attempt is here made to evaluate it from a national or economic point of view. The losses go no further than to show that the land has not borne the full drainage cost of bringing it into production. The value of farm production from Hauraki Plains for the year ended 1945-46 has been given by the Chief Drainage Engineer as £848,877.

### **Housing Account**

In connection with houses built since 1937 substantial reserves, aggregating £1,414,694 for depreciation, and £1,623,125 for maintenance, rates, bad debts, &c., have been built up and have been used for purposes of the Housing Account—that is, they are "invested in the business," thereby enabling postponement of the raising of so much further capital. Up to 31st March, 1946, the Revenue Account was debited and the Reserves Accounts were credited with interest on these balances, but in respect

of 1946-47 no such entry was made relative to the Maintenance, Rates, and Bad Debts Reserves. The Audit Office was informed that the State Advances Corporation considered a sufficient amount was being credited to these reserves without allowing for an accretion of interest, and that the former book entries, if continued in 1946-47, would unjustifiably inflate the operating loss. The amount of interest involved was some £20,000.

### Transit Housing

Provision is made in the Local Authorities (Temporary Housing) Emergency Regulations 1944 for any local authority, with the prior approval of the Minister of Finance, to establish a transit housing centre in order to provide temporary and transit housing. With a view to affording assistance to local authorities, Cabinet approved of certain suitable camps and buildings being handed over gratuitously for housing purposes, and the estimated value of these assets was charged to the item "Ancillary" in the War Expenses Account, and credited to the same account under the item "Disposal of surplus assets."

Any costs incurred in dismantling and transporting huts and buildings were debited to Ordinary Revenue Account, vote, "Maintenance of Public Works and Services, 'Transit Housing.'"

For the year ended 31st March, 1947, buildings, huts, and equipment to the value of £187,080 were handed over for housing purposes, while expenditure charged in respect of dismantling and transportation costs amounted to £37,909.

### Iron and Steel Industry Account

Section 9 of the Iron and Steel Industry Act, 1937, applied Part X of the Public Revenues Act, 1926, to the above-named account, so that it has a separate bank account. Its transactions are not included in the public accounts presented to Parliament as B.-1 [Pt. I], which includes only accounts whose banking account is the Public Account. It is usual in legislation setting up an account under Part X to provide that an annual balance-sheet shall be submitted, but this was not done in respect of the Iron and Steel Industry Account. The position arises from the facts stated, that the only statutory requirement as to publication of the industry's accounts is section 86 of the Public Revenues Act, 1926, which provides only for submission of a statement of expenditure from the relative vote or from "Unauthorized." Revenue or loan receipts to the account, and any expenditure without further appropriation as provided for in section 15 (b) of the Iron and Steel Industry Act, are not at present required to appear anywhere in any published accounts, nor is the accumulated position at the close of any financial year readily ascertainable. The Audit Office has therefore represented to Treasury that a direction should be given in terms of section 57 of the Finance Act, 1932, requiring preparation of annual accounts and their presentation to Parliament.

### **Linen Flax Industry**

Accounts of the Linen Flax Section of the Industries and Commerce Department have been audited to the 31st March, 1946, and the Audit Office has certified a statement of apportionment of loss showing a trading loss for the year of £128,204 14s. 3d. and a claim against the United Kingdom Government in respect thereof of £109,435 10s. 10d. This claim and all previous claims against the United Kingdom Government, totalling in all £479,709 5s. 4d., have been met.

On the 1st April, 1946, the Linen Flax Corporation took over portion of the assets of the Section at a price of £162,675 4s. 7d., which it has paid. The Corporation also undertook the liquidation of the remainder of the assets and the completion of the production, processing, and realization of the 1945 crop.

Section 31 of the Finance Act (No. 2), 1946, amending section 18 of the Linen Flax Corporation Act, 1945, changes the end of the Corporation's financial year from the 31st March to the 31st December. The accounts of the Corporation for the period of nine months ended the 31st December, 1946, covering both the liquidation of the Linen Flax Section's assets, and transactions on its own behalf, have been audited, and the Audit Office has certified a statement showing an additional trading loss for the year ended the 31st March, 1946, of £20,961 5s. 6d. and a trading loss for the period of nine months ended the 31st December, 1946, of £26,958 7s. 2d. These losses arise from crops sown by or on behalf of the Industries and Commerce Department and, in accordance with the agreement to share trading losses, claims are being made on the United Kingdom Government amounting to £17,892 10s. 11d. and £17,245 5s. 3d. respectively.

The liquidation of the assets of the Linen Flax Section has not yet been completed, and, as mentioned last year, a considerable capital loss will be sustained. The United Kingdom Government has agreed to bear capital losses in the same proportion as trading losses, but agreement has not yet been reached on the basis of valuation of the assets taken over by the Linen Flax Corporation.

In discussing "trading losses" mentioned in the foregoing with the Industries and Commerce Department it submitted that they are in fact unrecouped production and operating costs in respect of fibre produced under emergency conditions and sold mainly to the United Kingdom Government. They do not necessarily provide an indication of the probable financial results of the production and sale of fibre under peacetime conditions.

### **Moutoa Estate**

The Moutoa Estate, which has been purchased and developed by the Crown for the encouragement of the flax industry, was referred to in last year's report with particular reference to the costs of development and revenue likely to be produced.

During the year ended 31st March, 1947, expenditure amounted to £42,538, and cash received by way of royalties and miscellaneous items totalled £2,363. The expenditure from purchase date to 31st March, 1947, totals approximately £302,500, excluding £52,000 charged against vote, "Labour" (Employment Promotion Scheme 13), whilst cash receipts over the same period amount to £13,300.

The green leaf from the estate is sold to New Zealand Woolpack and Textiles, Ltd., at a royalty of 10s. per ton, but half of this royalty has been held back by the company from the outset on the understanding that settlement is to be made when finances permit. If settlement is ultimately effected, the cash receipts mentioned above will be almost doubled.

Balance-sheets of the estate are not required to be submitted to Parliament.

### Marketing Department

In last annual report reference was made to the disposal of the business of Combined Distributors, Ltd., a company in which the State was a shareholder, to a new co-operative organization known as Farm Products Co-operative (Wellington), Ltd., of which the State held half the shares.

The item to which Audit comment was directed was the goodwill of Combined Distributors, Ltd., valued at £36,000. Of this amount, £23,850 was due to the shareholders other than the State (who held 265 out of the 400 shares), and it was paid to them from an amount subscribed privately by producers who were interested as suppliers of the new company. The State was not paid for its share, £12,150, nor is it to receive any further interest therein.

As authority for the transaction Treasury relied on the Marketing Emergency Regulations 1942, which provide that the Minister of Marketing may acquire shares in any body corporate having amongst its objects any such functions as those conferred on the Marketing Department. The Audit Office was aware of the regulations, but considered that the power given by them was properly exercised only when what might be given up would be represented by the accession of some new right likely to be of at least equal value. That was not so in the instant case.

The Secretary to the Treasury, commenting on the transaction, stated, *inter alia* :—

Any criticism of the arrangement can be based only on one or other of the following grounds :—

- (a) That the Government sacrificed the opportunity to make a capital profit out of our shares in Combined Distributors, Ltd., to safeguard the interest of consumers in a partnership with producers ; or
- (b) That the company was converted from a profit-earning concern into a co-operative organization, and thereby the shareholders surrendered its earning-power above 4 per cent. of the capital.

The matter, so far as it is one of policy, is outside the scope of Audit Office review, but the question arises whether, when rights are relinquished without a direct equivalent return to the State, the transaction should be subject to parliamentary review by inclusion in a suitable place, similar to that of "claims abandoned" in the Fourth Schedule to the annual Appropriation Act.

### Internal Marketing Division

The accounts of this Division have been the subject of continuous audit and have been kept in a satisfactory manner.

In 1944 factories were established, principally at the cost of the War Expenses Account, for trimming and packing fresh vegetables and for dehydrating, processing, and

canning fruit and vegetables, mainly for supply to the Armed Forces. The capital costs were recovered in the prices charged for the finished products. At the termination of hostilities the Government gave approval to the continuation of only certain of these activities, and the Audit Office has been informed by the Division that it has not yet been decided whether the plants will be taken over by the Division or otherwise disposed of.

The value of the buildings and equipment paid for out of War Expenses Account, and recovered as stated above, £793,000, is not incorporated in the financial books or stores records of the Division, although a record of all expenditure, supported by full details of the assets, is held.

### **Dairy Industry Stabilization Account**

In 1946 a Commission of Inquiry decided in respect of certain subsidies and cost allowances incurred in holding the retail price of butter and cheese in New Zealand that, in terms of an agreement evidenced by letters which had passed between the Government and the Farmers' Federation, and which are now set out in the First Schedule to the Finance Act, 1946, the Government was "entitled under the agreement to debit to the Dairy Industry Stabilization Account the amount represented by both the subsidies and the cost allowances." The letters referred to passed in June, 1943, and charges, which were later upheld by the Commission's decision, had been made in the industry's Stabilization Account in the years ended 31st July, 1944, 1945, and 1946. The agreement still subsists, but the Government conceded that in respect of the 1946-47 season the industry's Stabilization Account should be relieved of the charge attributable to butter and cheese sold in New Zealand, and falling against it in terms of the agreement. Consequently a charge (subject to adjustment) of £1,200,000 arising from the Government's concession was met from Consolidated Fund, vote, "Stabilization," item, "Subsidies in respect of primary production."

The general rule is that items in a vote serve only to indicate the purposes of the vote, and do not limit expenditure under their particular headings, unless they are plainly specific, as, for instance, grants to a person or corporate body. The charge of £1,200,000 was made under this rule to the general item, but it may be that a payment made contrary to the terms of an existing agreement was of a nature which should have been met from a specific item of appropriation or, in the absence thereof, wholly from "Unauthorized."

### **Meat Industry Account**

As from 1st January, 1943, an amount of  $\frac{1}{2}$ d. per pound above the meat industry's export price was added to the price of meat supplied to the American Forces and paid for from War Expenses Account in terms of reverse lend-lease. This extra  $\frac{1}{2}$ d. was intended to cover the estimated storage, transit, and other charges attaching to the meat supplied, and in excess of similar charges which would have attached to it had it been exported in the ordinary way. The extra  $\frac{1}{2}$ d. found its way into the Meat Industry

Account, but most of the charges it was to cover were met from War Expenses Account, and Treasury now seeks an adjustment by a payment from the Meat Industry Account to War Expenses Account. The Audit Office was prepared to certify to the amount of receipts arising from the additional  $\frac{1}{2}$ d., but this was not acceptable to the industry, which desires to be satisfied that actual expenses have been incurred by the War Expenses Account equal at least to the amount of increased receipts. The amount involved is £652,154 and it has not yet been paid over.

### Milk Marketing Division

In last report reference was made to the fact that the Milk Marketing Account provided for by section 107 of the Milk Act, 1944, had not been opened. This position still obtains, and, in view of the present activities of the Division, it is desirable that attention should again be drawn to the matter.

Expenditure during the year 1946-47 has been made by the Division as under:—

(a) Out of vote, "Agriculture"—

Salaries and administration expenses.

Emergency milk-supplies in drought areas.

Establishment of temporary milk-balancing station at Hamilton.

Capital cost of purchase or erection of milk treating houses by the Division.

Reimbursement of levies paid by milk-vendors to local Milk Authorities under Milk Act, section 74.

(b) Out of vote, "Stabilization": Subsidies to town milk producer organizations under the National Town Milk Scheme.

Under this scheme the Minister fixes "farm-gate" prices paid to approved town milk producers, and also fixes margins allowed to producers and others for treating and delivering the milk to consumers. The consumer price is fixed by the Price Tribunal and frequently is not sufficient to cover the price of raw milk plus allowances. Consequently, a subsidy to meet the difference is necessary.

(c) Out of Sundry Products Account, Marketing Department—

Cost of milk purchased by the Division for treatment and bottling in its own milk treating houses and the expenses of operating the treating houses (exclusive of any Head Office administration).

Recoveries from the sale of milk by the treating houses have been credited to this account.

### National Employment Service : Hostels and Workers' Camps

Under the authority of section 5 (3) (a) of the Employment Act, 1945, the National Employment Service operates seven hostels and five workers' camps capable of accommodating upwards of seventeen hundred persons. Information about these institutions was provided in the Service's 1946 report (see paragraphs 350-361), and it is understood that details of new hostels and camps will be furnished in the one for

1947. The Audit Office has not been able to audit the accounts of these institutions, but the Service's records disclose a cash deficit in working-expenses for all hostels and camps of £1,261 for the year 1946-47, a not unsatisfactory result.

The National Employment Service has been authorized to erect and operate a new group of hostels for coal-miners at Ohai, Huntly, Reefton, and Ohura, and the buildings are at present under construction by the Public Works Department.

Hostels and camps for departmental trainees and employees are maintained by other Departments also, such as Post and Telegraph Department for trainees, and for single men employed at radio stations, and Health Department for dental nurses.

No accounts have yet been submitted by the National Employment Service in terms of section 9 of the Employment Act, 1945, in respect of its hostels and camps, nor do the other Departments disclose either in published accounts or annual reports whether or not income is sufficient to meet charges. As the interests of the various Departments are likely to dictate an extension of their provision for personnel accommodation it is desirable to have more information made readily available about them.

### Native Trust Office

Under section 25 of the Native Trustee Act, 1930, the "control and management" of Native land or other land owned by Natives may be vested in the Native Trustee for the benefit of the beneficial owners, and under the general direction of the Board of Native Affairs the Native Trustee may farm the land, financing the operations out of borrowed moneys or "out of any moneys under his control."

In certain cases also when the financial and farming position of a security held by the Native Trustee appears to be deteriorating, increasing the likelihood of losses, control of the mortgaged properties is, with the consent or at the request of the owners or their representatives, assumed under section 25, and thereafter the lands are farmed by the Trustee. Section 47 (*d*) of the Act authorizes the original advances on mortgage not exceeding three-fifths of the value of the security, but in most cases of control, if not in all, there is insufficient margin to justify a further advance under that provision. There appears to be no statutory margin of security for expenditure on the properties after control is assumed, but it is likely that in all cases the debt to the Native Trustee is at present covered by the value of the relative property, including live-stock. Any loss on realization of a security would, it should be made clear, be met from Reserve Funds held by the Native Trustee.

An annual balance-sheet is prepared in connection with each property and audited by the Audit Office, but these individual accounts are not required to be presented to Parliament. Several properties are in steep and broken country, and the natural increase of live-stock is low and mortality heavy. Audit is in no position to prove the accuracy of the stock tallies, but arranges to have them prepared by the farm or station managers and checked by the departmental Supervisors, against shearing, docking, and crutching returns. The Supervisors are also required to make an annual muster. The Trustee

reports on the operations to the Board of Native Affairs, but, as far as Audit is aware, the Board does not fix a term to its development and control programme, and several properties have been held for many years, while none has been returned to the owners.

From time to time the Trustee's attention has been drawn to instances where stock losses appeared to be excessive, or the farming returns low, and explanations usually attributed the position to unseasonable weather, lack of fencing, or incompetence of some particular manager.

As regards subsidies from the Consolidated Fund, vote, "Native," the Audit Office inquired from the Trustee whether the assistance referred to both maintenance and capital operations, and was informed that subsidies referred to expenditure of a capital nature. In most cases this appears to be so, but, since the date of the reply, a subsidy of £1,000 on maintenance labour of one station worked at a loss was approved. Audit drew attention also to the granting of subsidies in certain cases in which the accounts disclosed that properties could be profitably administered without assistance.

In addition to the aforementioned station properties controlled under section 25, the Native Trustee administers others, such as two on account of the Gisborne Maori Soldiers' Fund, the management of which was vested in the Trustee by section 23 of the Appropriation Act, 1925. The Audit certificate on the balance-sheets of these stations for several years contained a comment that the advances from the Trustee's Account exceeded the value of the realizable assets, but the position has improved of late, and the comment has been discontinued. In recent years the leases of parts of the properties expired and the Trustee was awarded compensation, but this will not be received immediately. The Native Trustee in 1941 assumed control of the major portion under section 25, and, in view of the fact that there are now interested in the properties the Maori owners, owners other than Maoris, the Maori Soldiers' Fund, the Native Trustee as mortgagee of the Fund, and the Native Trustee under section 25, Audit suggested during the year to the Minister in Charge of War Funds that he review the position of the trust affecting this Fund.

### **The Taranaki Maori Trust Board**

The Taranaki Maori Trust Board is constituted under section 49 of the Native Purposes Act, 1931, and receives an annual grant from the Consolidated Fund of £5,000. A statement of accounts is included in parliamentary paper B.—1 [Pt. IV].

For several years the Audit Office has experienced difficulty in vouching expenditure by some of the District Committees of the Board, and its certificate to each of the annual accounts included in the period of four years ended the 31st March, 1946, includes a comment in regard to the absence of receipted vouchers or invoices, the respective amounts involved being £217 18s., £1,012 11s. 3d., £1,671 11s. 3d., and £1,409 4s. 10d.

A new procedure was agreed on in September, 1946, under which—

(a) A Committee which has shown that it will obtain properly receipted and authenticated vouchers for expenditure made is to receive its annual grant in advance in one sum.

(b) A Committee which cannot be relied on to obtain properly receipted and authenticated vouchers is to receive an advance of one-fourth of the annual grant, and further instalments from time to time in reimbursement of expenditure made and satisfactorily supported by receipted vouchers.



### **New Zealand National Airways Corporation**

Section 29 of the New Zealand National Airways Act, 1945, requires the Audit Office to audit the accounts of the Corporation established by the Act. The first statements to be presented will cover the year to 31st March, 1947, and the first balance-sheet will show the position on that date. Up to then, however, the Corporation had not itself provided air transport, but in 1946, acting under the authority given in section 15 of its Act, it acquired all the shares in Union Airways, Ltd. This company continued to operate its services until it went into voluntary liquidation on 31st March, 1947, and the company's auditors will continue to audit its accounts until it is finally wound up. Then, with its liability disposed of, its remaining assets will pass to the Corporation as the sole shareholder. The Audit Office has made an interim audit to 28th February, 1947, of the financial transactions of the Corporation and will complete it to 31st March when the accounts to that date are ready.

### **Accounts of Local Authorities**

Three cases of misappropriation of funds by local-body officials involving an aggregate of £1,294 5s. 10d. were reported during the year. In each case the matter was placed in the hands of the police for appropriate action. No restitution was made in two cases, and in the other case the Court ordered restitution of £55 17s. 1d.

Numerous breaches of law relating to accounts were dealt with, and an adjustment thereof or a recovery of moneys was required in all cases.

Eight cases of disqualification for membership of local authorities in terms of section 3 of the Local Authorities (Members' Contracts) Act, 1934, occurred during the year. Reference has previously been made to the fact that it is sometimes overlooked that a member may be interested in a contract as a shareholder in a contracting company of twenty members or less, and six of the eight disqualified members were shareholders in companies of this nature. There is no doubt the provisions of the Act are a trap for the unwary shareholder-member, and the Audit Office would be glad to escape some odium which arises from applying them where, as is often the case, the member's personal interest in any payments arising from the illegal contract is small.

### **Patriotic Funds**

The accounts of the National Patriotic Fund Board and of eleven Provincial Patriotic Funds for the year ended the 30th September, 1946, have been audited, and Audit reports thereon have been submitted to the Hon. the Minister of Internal Affairs, as required by regulations. The audit of the accounts of two Councils for the same period is in progress, but that of the remaining one has been delayed through lack of Audit staff. The accounts of one Council for the year ended the 30th September, 1945, have not yet been certified, but the audit has been substantially performed.

The Audit Office raised with the Taranaki Provincial Patriotic Council the question of its authority to make a grant of £1,000 towards the cost of establishing a returned services' club at Stratford. The Council replied that it intended to propose

to the National Patriotic Fund Board that the definition of a "patriotic purpose" in the Patriotic Purposes Emergency Regulations 1939 should be extended to include the making of grants to returned services' organizations, but it has since been learned that the Board does not favour the proposal. Any moneys spent from a Provincial Patriotic Fund on an unauthorized purpose may be recovered by the Minister of Internal Affairs in terms of Regulation 27 of the Patriotic Purposes Emergency Regulations 1939, and every person who joined in authorizing payment is liable to the penalty provided in the same regulation.

### **Canteen Board**

The accounts of the Board for the year ended 31st March, 1947, are at present under audit.

There remain thirty-three canteens in operation in New Zealand, and two (in Fiji and Norfolk Island) in the Pacific Area.

The canteens serving the New Zealand troops in Japan are the responsibility of the Australian Canteen Service. Whilst the New Zealand Board has no accounting or administrative interest in them, orders by the Australian Service for various supplies to the British Commonwealth Occupational Force to the extent of £145,000 were executed by the New Zealand Board.

### **National Council for Reclamation of Waste Material**

In terms of the Reclamation of Waste Material Emergency Regulations 1940, the above-mentioned Council was charged with the collection and sale of waste, the net proceeds to be distributed amongst the Provincial Patriotic Funds. Under Regulation 8 (5) the Audit Office has audited the accounts of the Council since its inception, but they are not required to be published otherwise than by delivery of a copy each to the Minister of Finance and the Minister of Supply.

The regulations were revoked as from 22nd December, 1945, by the Emergency Regulations Revocation Order, No. 2 1945, and at the final meeting of the Council on 18th December a sub-committee was formed to dispose of the balance of waste material held and distribute the balance of the proceeds subject to the approval of the Minister of Supply. Grants of £250 and £100 were made to Heritage (Wellington), Inc., and Heritage (Auckland), Inc., out of the final balance, and the residue was divided equally between the branches of the Red Cross Society and the St. John Ambulance Association in proportion to the amount earned in each locality. The Audit certificate on the final statement of receipts and payments contained a comment that the distribution of the above-mentioned final balance which amounted to £2,560 6s. 6d. was not in accordance with the provisions of the regulations.

### **Defence Services Expenditure**

During the war all expenditure on the New Zealand war effort was made from War Expenses Account, but for the year ended 31st March, 1947, part expenditure in respect of the Navy, Army, and Air Force was provided for under separate votes in

Ordinary Revenue Account. Difficulty was experienced in allocating expenditure between these votes and War Expenses Account, for, whilst some expenditure could be directly allocated, a considerable proportion was of a nature which could not be said to fall wholly on either the votes or the account. The Minister of Finance therefore approved that the expenditure should, as far as possible, be charged to the appropriate account, but where this was not possible that it should be charged to War Expenses Account in the first instance and an allocation later made on the best basis available.

### War Gratuities

Mention was made in last year's report that the amount of £18,000,000 placed to the credit of the Post Office Account for the payment of gratuities might be subject to adjustment.

During the financial year under review it became necessary to transfer a further sum of £1,750,000 to the Post Office. In addition, an amount of £26,596 2s. 7d. was paid from War Expenses Account, mainly in respect of gratuities and compassionate grants to dependants of deceased servicemen, and discounts in terms of the War Service Gratuities Emergency Regulations 1945 on withdrawals from accounts for authorized purposes.

### Ancillary Expenditure

War expenses ancillary expenditure is shown as a net figure in the public accounts. For the past financial year gross expenditure amounted to £21,790,731 7s. 8d. and receipts to £16,131,855 13s. 2d., the difference £5,658,875 14s. 6d. being the amount shown in the accounts.

### Gifts to Great Britain

(a) *£1,000,000.*—In February, 1947, the Government decided to donate £1,000,000 worth of food to Great Britain, and the supplies were forwarded to Britain or elsewhere as the British authorities directed. The food was principally the balance of supplies which were to be directed to reverse lend-lease purposes, but which were ultimately not required by the American Armed Forces. The assessed value, £1,072,964, was debited to an item, "Gift of food to Great Britain," in the War Expenses Account, and the major portion was credited to the item in the same Account, "Disposal of surplus assets." The balance of the credit, £95,574, was due to the Internal Marketing Account.

(b) *£12,500,000.*—The Acting Minister of Finance determined, in terms of section 2 of the War Expenses Act, 1939, that the above-mentioned gift made in March, 1947, should be a charge to War Expenses Account, and it was therefore unnecessary to await appropriation therefor.

The relative parts of section 2 read as follows:—

Any moneys in the War Expenses Account may, without further appropriation than this section, be expended for defence purposes or for any purposes connected directly or indirectly with any war in which His Majesty may now or at any time hereafter be engaged, whether arising during or after the war.

If any question arises as to whether any purpose is a purpose for which moneys may be expended from the War Expenses Account it shall be determined by the Minister of Finance, and his decision shall be final.

### Ministry of Supply

Mention has previously been made of the decreasing activities of the Ministry, and such decreases continued during 1946–47. There are still being handled and sold, however, a substantial residue of reserve stocks and a few commodities imported during the year, such as tinsplate and wire rope. Cash receipts from debtors other than Government Departments amounted during May, 1947, to as much as £490,000. The Audit Office has not been able to give as much attention to the stock records of the Ministry as it would have desired, but it has been assured recently by the Administrative Officer of the Industries and Commerce Department, which now controls the accounts, that the present records of the comparatively few lines of stocks, except textiles, still held are now satisfactory. As regards textiles, the records have never been considered by Audit to have been in order, but the Ministry has gone to considerable lengths to satisfy itself that sales, and issues to manufacturers, have been accounted for. The Radio Section has not been examined recently, and the Audit Office is therefore unable to comment on its records.

Miscellaneous debts, totalling in value some £20,000, are in dispute, and collection of a further debt of £25,000 for jute supplied in 1943 has been deferred at the request of the Treasury.

The authority under which the Ministry continues to purchase and dispose of commodities appears to be Regulation 2 of the Supply Control Emergency Regulations 1939, Amendment No. 2. Expenditure is made from War Expenses Account and does not require annual appropriation.

### Defence Forces Stores

The position of the Defence Forces Stores Accounts, put as succinctly as possible, is that those of the Army Department are on the whole satisfactory, whilst those of the Navy and Air Departments are not. These latter Departments agree that this statement in regard to their stores is not an unfair one, but submit that the reason lies in the shortage of staff and in the lack of experience and training of those employed. This Office, however, has some doubt whether these are all the reasons, and it recalls at least one case in which a stores officer deemed guilty of failure of duty was dealt with in a manner the reverse of severe.

### Rations Costs

Naval units and Army camps base their rations costs on a standard issuing price for all commodities, and inquiries indicate that a reasonably uniform figure in respect of *per capita* cost in each unit and camp has been maintained, though there are fairly considerable differences between different naval units.

Air Force stations issues are made at market rates, but this does not explain satisfactorily some sharp fluctuations in *per capita* costs which have been shown on returns extracted by the Air Department and by this Office. The matter has been discussed with the Air Secretary, who has given an assurance that in future more attention will be given upward variations so as to ensure that they do not occur without good reason.

### **Nandi Aerodrome, Fiji**

Mention was made last year that an amount of £625,803 remained due from the Government of the United States of America on account of the construction by New Zealand of the above-mentioned aerodrome, and that settlement would probably be allowed to stand over for post-war discussion. The Audit Office has been advised by Treasury that the matter was considered in connection with lend-lease final adjustments and that no further amounts will be received on the specific account of the balance mentioned in the foregoing.

### **Eastern Group Supply Council**

The total claims certified in respect of stores produced in New Zealand amounted at 31st March, 1947, to £19,509,240 18s. 3d., and the balance due from the British Ministry of Supply was £303,679 10s. 1d.

With one exception, all contracts have been either completed or terminated.

### **Financial Arrangements with the Government of Fiji**

The presence of New Zealand Forces in Fiji during the war led to financial transactions with that country which in the end involved adjustments of a complex nature. An Audit Officer who lately looked into the position concluded a review of the relative matters in the following sentences:—

In fine the net amount due to the New Zealand Government by the Government of Fiji after all adjustments have been made is £(F)768,580. This indebtedness was accepted by the Fiji Government, which arranged with the Colonial Office, London, for the New Zealand equivalent of this amount to be deposited to the credit of the New Zealand Public Account, London.

After considerable delay Treasury was advised by the High Commissioner's Office in March, 1947, that, owing to the complexity of the claim, the settlement was still the matter for discussion between the Colonial Office and the United Kingdom Government.

### **Military Currency, Italy**

It was the intention that the Allied troops in Italy should be paid in lire at the expense of Italy, but when this currency was spent in canteens and it was desired to remit any part of it elsewhere it fell on the United Kingdom Government to redeem such part in sterling, in the same way as it fell on the New Zealand Government to provide for pay remitted by New Zealand personnel.

The British War Office estimated that up to August, 1945, some £20,000,000 had been paid in respect of canteen remittances.

While it is not possible to fix with exactitude the proportion of the amount attributable to sales to New Zealand personnel, the War Office estimates it, on the basis of the relative strengths of Forces, to be approximately £600,000 sterling up to August, 1945, leaving the period from September, 1945, until the withdrawal of the New Zealand troops from Italy to be later dealt with.

Inquiries were made by the War Office as to whether the New Zealand Government would be prepared to admit a claim for reimbursement to the United Kingdom of the amount involved, although the nature of the transaction precluded precise calculation.

The matter was considered by Cabinet, which agreed in principle to accept liability for payment to the United Kingdom Government of the amount claimed, subject to final determination of the amount involved. An interim payment of £500,000 sterling was made and is included in the War Expenses Account for the financial year 1946-47 under the heading "Ancillary."

### **Military Currency issued to New Zealand Force in Japan**

Since the arrival of the New Zealand Force in Japan all cash requirements of yen currency have been obtained on requisition from the Chief Paymaster, British Commonwealth Occupation Force, who in turn is funded from the American authorities in Japan in exchange for a simple receipt. The accounts for the financial year under review disclose that yen of the New Zealand equivalent of £229,155 have been received by the New Zealand Forces Paymasters.

The receipt of this amount has been recorded in the War Expenses Account as a separate item.

### **Financial Arrangements : British Commonwealth Occupation Force in Japan**

Financial arrangements in connection with the British Commonwealth Occupation Force in Japan have been drawn up and considered by the Governments concerned. Each of the Governments concerned will bear directly the cost of equipment of its contingent and the cost of transport to and from Japan, and each will be directly responsible for the pay and allowances issuable to its own Forces and for the maintenance of its own pay accounts.

Costs incurred in the maintenance of the Force from its inception will, however, be charged to a "Pool Account," which will be controlled by the Australian authorities, and it is proposed to apportion the total charge between the Governments concerned on the basis of the number of troops provided by each.

Prior to the end of the financial year a claim was received from the Australian authorities for the payment of £770,354, being the New Zealand Government's share of the costs charged in Australian accounts to the Pool Account up to 28th February, 1947, such payment to be subject to any adjustment found necessary upon agreement being reached by all countries concerned regarding the basis of apportionment of charges to the Account. An interim payment of £600,000 was made by New Zealand on 31st March on account of this claim, and is included in the 1946-47 accounts.

The Audit Office has represented to Treasury that arrangements be made with the Australian authorities for future claims covering New Zealand's share of the Pool expenditure to be certified by the Commonwealth Auditor-General.

### Supplies to Royal New Zealand Air Force by Australia

In 1945 certain rations, fuel, &c., were supplied by the Australian Government to the R.N.Z.A.F. operating in the Pacific Area, and three invoices were received covering a cost of £110,240. The Australian Government subsequently agreed to make a *per capita* charge, the amount of which has yet to be decided.

Treasury decided to bring to charge in the War Expenses Account in 1946-47 old debits of this nature, in order to restrict the account in future as far as possible to expenses currently incurred, and, with this purpose in view, debited the account by means of a transfer voucher and credited Deposits Account with £110,240 at 31st March, 1947. The sum ultimately agreed on between the two Governments will be paid out of the amount thus held.

### United States Property Educational and Cultural Fund

In July, 1946, an agreement was signed between the United States and New Zealand Governments to provide for a settlement of lend-lease and reciprocal aid, and for the handing-over to New Zealand of certain United States property which became surplus to requirements after the cessation of war hostilities.

Section 7 of the agreement provides that, in consideration of the value of this United States surplus property diverted to New Zealand use, the New Zealand Government shall—

- (i) Deliver to the United States Government the title to such real property and improvements in New Zealand as may be agreed upon of a total value of not more than \$1,200,000 (£(N.Z.)370,000).
- (ii) With the balance owing establish a fund in New Zealand to be spent in furthering educational and cultural relationships of benefit to the two countries.

As a result of this agreement a special deposit account has been created and appears in the Public Accounts, Deposit Account, called “United States Property Educational and Cultural Fund.”

An amount of £1,131,487 11s. 7d., representing the value of surplus property handed over, has been charged to “War Expenses Account, Subdivision IV, Ancillary,” and credited to the new account. A further amount of £225,550 9s. 1d. has been debited to the same item in War Expenses Account and credited to “Deposits Account, Miscellaneous,” until a decision has been made as to the value of some of the surplus property in question.

Treasury advises that to date no requests have been received from the United States Government involving expenditure from the Special Deposit Account.

### War Assets Realization Board

About a year ago the above-named Board, when reviewing its affairs, expressed a desire for a continuous audit of its transactions, and this Office would have been glad to comply if it had been possible to do so. However, as two Audit Inspectors who had

in turn gained a knowledge of the Board's affairs received promotion to another Department, and as only one replacement was made available, the audit was interrupted and was confined to a scrutiny of cash transactions. It could not be extended to any examination of stores records. The importance of the operations of the Board is indicated by the volume of receipts at the Head Office of the Board, which in the eight months from 1st May to 31st December, 1946, aggregated just on £2,000,000. Apart from their magnitude, the transactions of the Board are not easy to audit, for they involve the scrutiny of many files. So far as actual accountancy work was concerned, the Audit Inspector reported that it was of a very high standard. There are district offices of the Board at Auckland and Christchurch, and an audit of each was made a few months ago. The position at Christchurch was quite satisfactory, but at Auckland no reconciliation was possible between ledgers and physical stocks. This state of affairs arose from circumstances beyond the control of the Board, and the best that can now be done is to list existing stocks and to use the lists as a check against future sales.

The development of a transaction between the Board and a County Council came under the notice of the Audit Office in its capacity as auditor of local authorities' accounts. The Council bought buildings from the Board with the intention of converting them to homes for workers, but it changed its mind and disposed of them by auction. The price paid to the Board was £1,600 10s. and the amount realized at the auction sale was £3,971 15s. gross.

The Board suffered two unfortunate experiences in the period under review. In one case it was arranged through the Marine Department that the s.s. "Matai" should tow five trawlers to Australia at an estimated cost of £3,830, but the tow, for various reasons, proved a tougher proposition than had been expected, and the ultimate cost of it was nearly £20,000, or about 25 per cent. of the price realized for the vessels.

In the other case the Railways Department declared to the Board (as stated by the General Manager of the Board in a report to the Minister) an approximate quantity of 45,000 tons of scrap steel held at Woburn as surplus to requirements and available for disposal. The General Manager further stated that "although the declaration from the Railways Department is for approximately 45,000 tons, it appears quite clear from various inspections which have been made of the dump that the total quantity is nearer 75,000 tons." Negotiations were thereupon entered into by the Board with an American Corporation to supply to it 45,000 tons, ex site, but it was later found that the quantity available was only about 9,000 tons, and, arising from alleged loss of profits, costs incurred, and damages said to be payable by the Corporation to purchasers from it, the Board finds itself faced with a very heavy claim based on alleged breach of contract.

### STAFF POSITION

For the purposes of transfers and promotions the Public Service is regarded as a whole, and officers in any Department may apply for a position becoming vacant in any other. In the years following the first world war the Audit Office recruited some very good officers under this practice, but in the last few years the rule has operated



to its detriment. For instance, transfers from Audit to other Departments on promotion have reduced below a satisfactory standard the audit work which it has been practicable to carry out at the War Assets Realization Board, and, as mentioned in the preceding section of this report referring to that Board, it has not been possible to give the Board the service it desired. A way should be found by which the Audit Department can retain its trained and experienced staff, and so be able to carry out satisfactorily the increasing duties thrown on it by the expansion of State activities.

J. P. RUTHERFORD,  
Controller and Auditor-General.

25th July, 1947.

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## APPENDIX

STATEMENT OF SUMS IRRECOVERABLE BY THE CROWN, AND VALUES OF STORES, ETC., IN RESPECT OF WHICH AUDIT CONCURRENCE HAS BEEN GIVEN SINCE LAST REPORT, FOR THE WRITING-OFF AND DISCHARGE FROM THE PUBLIC ACCOUNT

Department and Particulars.	Reason for writing off.	Value of Stores.	Cash.
<i>Agriculture</i>			
Value of stores .. ..	Lost, broken, &c. .. ..	£ 1,365 9 3	£ s. d. .. ..
Value of stores .. ..	Stolen .. ..	70 2 6	.. ..
Value of stores .. ..	Gratuitous issue .. ..	10 4 6	.. ..
Value of stores .. ..	Loss on sale .. ..	8 11 6	.. ..
Value of live-stock .. ..	Died and missing .. ..	1,649 7 8	.. ..
Exchange .. ..	Irrecoverable .. ..	.. ..	0 8 3
Freight charges .. ..	Irrecoverable .. ..	.. ..	0 6 7
Orchard-tax .. ..	Irrecoverable .. ..	.. ..	2 18 11
Repairs to motor-vehicles and private property	Nugatory expenditure .. ..	.. ..	191 0 11
<i>Customs</i>			
Repairs to motor-vehicles damaged in accidents	Nugatory expenditure .. ..	.. ..	8 10 0
<i>Education</i>			
Value of stores .. ..	Lost, broken, &c. .. ..	618 8 4	.. ..
Value of stores .. ..	Stolen .. ..	7 7 0	.. ..
Value of stores .. ..	Destroyed by fire .. ..	35 18 10	.. ..
Value of live-stock .. ..	Died and missing .. ..	119 0 6	.. ..
Maintenance fees .. ..	Debtors unfinancial and untraceable	.. ..	3,470 16 3
Repairs to motor-vehicles damaged in accident	Nugatory expenditure .. ..	.. ..	66 4 8
Salary overpaid .. ..	Debtor deceased .. ..	.. ..	28 18 9
<i>Health</i>			
Value of stores .. ..	Lost, broken, &c. .. ..	3,558 18 9	.. ..
Value of stores .. ..	Stolen .. ..	138 18 9	.. ..
Value of stores .. ..	Loss on sale .. ..	88 3 7	.. ..
Value of live-stock .. ..	Died .. ..	20 0 11	.. ..
Exchange, &c. .. ..	Irrecoverable .. ..	.. ..	60 5 8
Loan in easement of Hospital Board levy	Remitted by Cabinet .. ..	.. ..	2,654 10 8
Maintenance fees .. ..	Debtors unfinancial and untraceable	.. ..	174 2 6
Repairs to motor-vehicles and private property	Nugatory expenditure .. ..	.. ..	118 19 7
Value of medical warrants cashed by unauthorized persons	Irrecoverable .. ..	.. ..	9 18 0
Value of medical benefits over-claimed	Irrecoverable .. ..	.. ..	11 5 0
<i>Housing</i>			
Value of stores .. ..	Lost, broken, &c. .. ..	391 18 1	.. ..
Value of stores .. ..	Stolen .. ..	102 18 10	.. ..
Value of stores .. ..	Loss on sale .. ..	1,295 15 4	.. ..
Half-cost of boundary fencing .. ..	Debtors unfinancial .. ..	.. ..	8 18 0
Rents .. ..	Debtors unfinancial .. ..	.. ..	4 0 0

STATEMENT OF SUMS IRRECOVERABLE BY THE CROWN, AND VALUES OF STORES, ETC.—*continued*

Department and Particulars.	Reason for writing off.	Value of Stores.	Cash.
<i>Industries and Commerce</i>			
Value of stores .. ..	Lost .. ..	£ s. d. 0 19 8	£ s. d. .. ..
Salary overpaid .. ..	Debtor left the Service .. ..	.. ..	0 10 6
Sale of standards .. ..	Debtor in liquidation .. ..	.. ..	0 3 3
Value of accommodation not availed of	Nugatory expenditure .. ..	.. ..	12 0 8
<i>Internal Affairs</i>			
Value of stores .. ..	Lost, broken, &c. .. ..	209 16 7	.. ..
Value of stores .. ..	Stolen .. ..	11 18 11	.. ..
Value of stores .. ..	Gratuitous issue .. ..	62 10 0	.. ..
Value of stores .. ..	Destroyed by fire .. ..	16 6 0	.. ..
Advances to stranded New Zealanders	Irrecoverable .. ..	.. ..	79 18 7
Fishing licences .. ..	Complimentary issues .. ..	.. ..	293 15 0
Repairs to motor-vehicles damaged in accidents	Nugatory expenditure .. ..	.. ..	8 11 3
<i>Internal Marketing</i>			
Value of stores .. ..	Lost, broken, &c. .. ..	0 6 9	.. ..
Value of stores .. ..	Stolen .. ..	14 0 0	.. ..
Value of stores .. ..	Gratuitous issue .. ..	19 10 0	.. ..
Value of stores .. ..	Loss on sale .. ..	37 8 5	.. ..
Cash deficiency .. ..	Irrecoverable .. ..	.. ..	3 13 0
Sale of produce .. ..	Irrecoverable .. ..	.. ..	66 15 2
<i>Island Territories</i>			
Value of stores .. ..	Lost .. ..	187 17 3	.. ..
<i>Justice and Prisons</i>			
Values of stores .. ..	Lost, broken, &c. .. ..	126 15 4	.. ..
Value of stores .. ..	Gratuitous issue .. ..	4 13 9	.. ..
Value of stores .. ..	Destroyed by fire .. ..	69 2 4	.. ..
Value of stores .. ..	Loss on sale .. ..	37 2 7	.. ..
Value of live-stock .. ..	Died and missing .. ..	1,184 2 10	.. ..
Court costs .. ..	Irrecoverable .. ..	.. ..	2 1 0
<i>Labour</i>			
Value of stores .. ..	Lost, broken, &c. .. ..	96 9 7	.. ..
Value of stores .. ..	Stolen .. ..	0 10 6	.. ..
Mileage fees .. ..	Debtor unfinancial .. ..	.. ..	0 4 0
Repairs to motor-vehicles damaged in accidents	Nugatory expenditure .. ..	.. ..	38 8 5
Value of tools advanced to workmen	Irrecoverable .. ..	.. ..	4 0 0
<i>Land and Income Tax</i>			
Income-tax .. ..	Debtors deceased, untraceable, and unfinancial .. ..	.. ..	5,943 18 2
<i>Lands and Survey</i>			
Value of stores .. ..	Lost, broken, &c. .. ..	586 7 4	.. ..
Value of stores .. ..	Stolen .. ..	19 9 4	.. ..
Value of stores .. ..	Destroyed by fire .. ..	300 19 1	.. ..
Value of stores .. ..	Loss on sale .. ..	0 10 0	.. ..
Value of stores .. ..	Gratuitous issue .. ..	6 0 0	.. ..
Value of live-stock .. ..	Died and missing .. ..	28,046 7 11	.. ..
Advances, land development	Debtors unfinancial .. ..	.. ..	794 14 8
Advances, small farms	Debtors unfinancial .. ..	.. ..	1,640 13 6
Consent fees .. ..	Remitted .. ..	.. ..	18 7 6
Exchange .. ..	Irrecoverable .. ..	.. ..	0 11 6
Interest, deferred-payment licences	Debtors unfinancial .. ..	.. ..	148 11 8
Rates, land drainage .. ..	Remitted by the Minister .. ..	.. ..	5,287 14 0

STATEMENT OF SUMS IRRECOVERABLE BY THE CROWN, AND VALUES OF STORES, ETC.—*continued*

Department and Particulars.	Reason for writing off.	Value of Stores.	Cash.
<i>Lands and Survey—continued</i>			
Rents, royalties, &c. . . . .	Debtors unfinancial . . . . .	£ s. d.	£ s. d.
Repairs to motor-vehicles damaged in accidents	Nugatory expenditure . . . . .	.. ..	837 17 7
			215 6 9
<i>Marine</i>			
Value of stores . . . . .	Lost, broken, &c. . . . .	201 14 10	.. ..
Value of stores . . . . .	Stolen . . . . .	134 13 10	.. ..
Value of stores . . . . .	Destroyed by fire . . . . .	50 0 0	.. ..
Berthage charges . . . . .	Claim abandoned . . . . .	.. ..	6 12 3
Foreshore rentals . . . . .	Claims abandoned . . . . .	.. ..	109 7 3
Sale of timber . . . . .	Claims abandoned . . . . .	.. ..	0 15 6
<i>Mental Hospitals</i>			
Value of stores . . . . .	Lost, broken, &c. . . . .	5,541 17 7	.. ..
Value of stores . . . . .	Stolen . . . . .	24 17 5	.. ..
Value of stores . . . . .	Destroyed by fire . . . . .	12 15 3	.. ..
Value of live-stock . . . . .	Died and missing . . . . .	2,448 2 3	.. ..
Repairs to motor-vehicles damaged in accidents	Nugatory expenditure . . . . .	.. ..	168 2 0
<i>Mines</i>			
Value of stores . . . . .	Lost, broken, &c. . . . .	2,870 10 2	.. ..
Value of stores . . . . .	Stolen . . . . .	19 19 3	.. ..
Value of stores . . . . .	Loss on sale . . . . .	178 10 0	.. ..
Value of live-stock . . . . .	Died and missing . . . . .	86 12 2	.. ..
Advances to prospectors . . . . .	Irrecoverable . . . . .	.. ..	71 14 9
Housing loan . . . . .	Part payment accepted in full satisfaction . . . . .	.. ..	67 5 8
Rents . . . . .	Debtors unfinancial . . . . .	.. ..	13 3 6
Repairs to motor-vehicles and private property	Nugatory expenditure . . . . .	.. ..	21 0 0
Sales of coal . . . . .	Debtors untraceable . . . . .	.. ..	12 1 10
<i>Ministry of Supply</i>			
Value of stores . . . . .	Lost, broken, &c. . . . .	4,440 5 11	.. ..
Value of stores . . . . .	Stolen . . . . .	214 4 2	.. ..
Value of stores . . . . .	Loss on sale . . . . .	16,986 13 10	.. ..
Value of stores . . . . .	Destroyed by fire . . . . .	331 6 9	.. ..
Compensation on account of faulty material supplied	Nugatory expenditure . . . . .	.. ..	31,551 12 4
Loss on resale of unsuitable material	Irrecoverable . . . . .	.. ..	6,490 10 7
Sundry debtors . . . . .	Company in liquidation . . . . .	.. ..	1,296 7 4
<i>National Broadcasting</i>			
Value of stores . . . . .	Lost, broken, &c. . . . .	119 10 0	.. ..
Radio advertising . . . . .	Irrecoverable . . . . .	.. ..	3 9 0
Repairs to motor-vehicles damaged in accidents	Nugatory expenditure . . . . .	.. ..	127 9 10
Replacement of pay lost . . . . .	Nugatory expenditure . . . . .	.. ..	11 10 9
<i>National Employment Service</i>			
Value of stores . . . . .	Lost, broken, &c. . . . .	1,417 17 4	.. ..
Value of stores . . . . .	Stolen . . . . .	5 19 10	.. ..
Value of stores . . . . .	Destroyed by fire . . . . .	78 7 6	.. ..
Advances to workers, &c. . . . .	Debtors unfinancial and untraceable . . . . .	.. ..	269 10 10
Fines for absenteeism . . . . .	Debtors untraceable . . . . .	.. ..	14 2 10
Miscellaneous . . . . .	Irrecoverable . . . . .	.. ..	17 9 6
Repairs to motor-vehicles damaged in accidents	Nugatory expenditure . . . . .	.. ..	121 19 2

STATEMENT OF SUMS IRRECOVERABLE BY THE CROWN, AND VALUES OF STORES, ETC.—*continued*

Department and Particulars.	Reason for writing off.	Value of Stores.		Cash.	
		£	s. d.	£	s. d.
<i>Native</i>					
Value of stores .. ..	Lost, broken, &c. .. ..	980	18 11	..	..
Value of live-stock .. ..	Died and missing .. ..	11,830	11 7	..	..
Advances, flood relief .. ..	Irrecoverable .. ..	..	..	1,148	16 4
Salary overpaid .. ..	Debtors untraceable .. ..	..	..	0	12 5
Unallocated expenditure .. ..	Irrecoverable .. ..	..	..	1,968	18 11
Unpaid interest .. ..	Irrecoverable .. ..	..	..	1,420	1 5
<i>Native Trustee</i>					
Freight charges .. ..	Irrecoverable .. ..	..	..	2	12 5
<i>Police</i>					
Value of stores .. ..	Lost .. ..	0	7 0	..	..
Value of stores .. ..	Stolen .. ..	0	10 0	..	..
Repairs to motor-vehicles damaged in accidents	Nugatory expenditure .. ..	..	..	7	18 6
<i>Post and Telegraph</i>					
Value of stores .. ..	Lost, broken, &c. .. ..	5,964	10 5	..	..
Value of stores .. ..	Stolen .. ..	296	19 4	..	..
Value of stores .. ..	Destroyed by fire .. ..	1,153	17 4	..	..
Value of stores .. ..	Obsolete .. ..	254	18 9	..	..
Fraudulent withdrawals and cash deficiencies	Irrecoverable .. ..	..	..	1,302	10 9
Repairs to motor-vehicles and private property	Nugatory expenditure .. ..	..	..	4,510	3 8
Salary overpaid .. ..	Irrecoverable .. ..	..	..	6	8 7
Toll accounts and telephone services	Debtors unfinancial and untraceable .. ..	..	..	133	0 4
<i>Printing and Stationery</i>					
Value of stores .. ..	Lost, broken, &c. .. ..	816	19 7	..	..
Exchange .. ..	Irrecoverable .. ..	..	..	0	5 4
<i>Public Trust</i>					
Value of stores .. ..	Lost, broken, &c. .. ..	75	2 11	..	..
Advances on mortgages .. ..	Loss on realization .. ..	..	..	13,802	8 3
<i>Public Works</i>					
Value of stores .. ..	Lost, broken, &c. .. ..	8,123	9 9	..	..
Value of stores .. ..	Stolen .. ..	1,230	5 11	..	..
Value of stores .. ..	Destroyed by fire .. ..	1,043	11 5	..	..
Value of stores .. ..	Loss on sale .. ..	1,352	6 0	..	..
Value of live-stock .. ..	Died .. ..	12	0 0	..	..
Advances to workmen .. ..	Irrecoverable .. ..	..	..	14	5 0
Irrigation charges .. ..	Remitted by the Minister .. ..	..	..	176	1 7
Land-clearing charges .. ..	Irrecoverable .. ..	..	..	3	0 0
Misappropriation of trust-moneys	Irrecoverable .. ..	..	..	9	15 10
Patriotic Fund Hut, Rotorua .. ..	Loss on realization .. ..	..	..	1,242	2 0
Rents .. ..	Debtors unfinancial .. ..	..	..	34	2 5
Repairs to motor-vehicles and private property	Nugatory expenditure .. ..	..	..	63	7 6
Salary and allowances overpaid .. ..	Irrecoverable .. ..	..	..	102	10 5
Sales of electric energy .. ..	Irrecoverable .. ..	..	..	7	13 6
<i>Railways</i>					
Value of stores .. ..	Lost, broken, &c. .. ..	4,844	13 8	..	..
Value of stores .. ..	Stolen .. ..	784	3 9	..	..
Value of stores .. ..	Destroyed by fire .. ..	860	10 10	..	..
Value of stores .. ..	Deficient .. ..	511	7 7	..	..
Value of stores .. ..	Loss on sale .. ..	1,501	15 5	..	..
Cash stolen by burglars .. ..	Irrecoverable .. ..	..	..	15	19 3
Freight charges .. ..	Irrecoverable .. ..	..	..	109	7 6
Rent .. ..	Irrecoverable .. ..	..	..	7	18 4

STATEMENT OF SUMS IRRECOVERABLE BY THE CROWN, AND VALUES OF STORES, ETC.—*continued*

Department and Particulars.	Reason for writing off.	Value of Stores.	Cash.
<i>Rehabilitation</i>			
Value of stores .. .. .	Lost, broken, &c. .. .. .	£    s.    d. 52    1    1	£    s.    d. ..    ..    ..
Value of stores .. .. .	Stolen .. .. .	42    19    0	..    ..    ..
Difference in conversion rate of overseas bursary	Irrecoverable .. .. .	..	28    13    8
<i>Scientific and Industrial Research</i>			
Value of stores .. .. .	Gratuitous issue .. .. .	717    9    0	..    ..    ..
<i>Social Security</i>			
Values of stores .. .. .	Lost, broken, &c. .. .. .	6    0    3	..    ..    ..
Benefits, pensions, and allowances overpaid	Debtors unfinancial and untraceable	..	628    10    8
Misappropriation of cash .. .. .	Irrecoverable .. .. .	..	107    11    0
<i>Stamp Duties</i>			
Interest on death duty .. .. .	Estate insolvent .. .. .	..	2,584    16    10
<i>State Advances (Housing Account)</i>			
Rents .. .. .	Debtors unfinancial .. .. .	..	1,038    15    7
<i>State Forest Service</i>			
Value of stores .. .. .	Lost, broken, &c. .. .. .	688    18    10	..    ..    ..
Value of stores .. .. .	Stolen .. .. .	352    11    0	..    ..    ..
Value of stores .. .. .	Destroyed by fire .. .. .	3    16    0	..    ..    ..
Value of live-stock .. .. .	Died .. .. .	14    7    6	..    ..    ..
Value of trees .. .. .	Destroyed .. .. .	1,718    10    11	..    ..    ..
Value of stores .. .. .	Loss of sale .. .. .	4    0    0	..    ..    ..
Miscellaneous .. .. .	Irrecoverable .. .. .	..	2    7    6
Repairs to motor-vehicles and private property	Nugatory expenditure .. .. .	..	39    14    6
<i>State Hydro-electric</i>			
Value of stores .. .. .	Lost, broken, &c. .. .. .	4,113    17    2	..    ..    ..
Value of stores .. .. .	Stolen .. .. .	33    0    3	..    ..    ..
Value of stores .. .. .	Destroyed by fire .. .. .	67    7    1	..    ..    ..
Value of stores .. .. .	Loss on sale .. .. .	12    10    0	..    ..    ..
Compensation for loss of property	Nugatory expenditure .. .. .	..	120    2    0
Rent .. .. .	Irrecoverable .. .. .	..	4    14    11
Repairs to motor-vehicles and private property	Nugatory expenditure .. .. .	..	499    14    9
Sales of electric energy .. .. .	Irrecoverable .. .. .	..	207    0    7
Water-power licence .. .. .	Irrecoverable .. .. .	..	1    10    6
<i>Tourist and Health</i>			
Value of stores .. .. .	Lost, broken, &c. .. .. .	692    12    6	..    ..    ..
Value of stores .. .. .	Stolen .. .. .	4    12    11	..    ..    ..
Value of stores .. .. .	Destroyed by fire .. .. .	5    13    2	..    ..    ..
Value of stores .. .. .	Loss on sale .. .. .	19    0    0	..    ..    ..
Value of live-stock .. .. .	Died .. .. .	9    6    7	..    ..    ..
Cash stolen by burglars .. .. .	Irrecoverable .. .. .	..	2    10    0
Refund value of tickets incorrectly issued	Nugatory expenditure .. .. .	..	2    14    4
Rent .. .. .	Debtors unfinancial .. .. .	..	50    0    0
Sales of electric energy .. .. .	Debtors untraceable .. .. .	..	73    3    9
<i>Transport</i>			
Value of stores .. .. .	Fuel lost by evaporation, &c. .. .. .	15,329    10    4	..    ..    ..
Value of stores .. .. .	Stolen .. .. .	7    0    6	..    ..    ..
Repairs to motor-vehicles damaged in accidents	Nugatory expenditure .. .. .	..	199    9    4

STATEMENT OF SUMS IRRECOVERABLE BY THE CROWN, AND VALUES OF STORES, ETC.—*continued*

Department and Particulars.	Reason for writing off.	Value of Stores.	Cash.
<i>Treasury (including War Assets Realization Board)</i>			
Value of stores .. ..	Lost, broken, &c. .. ..	£ 878 4 3	s. d. .. ..
Value of stores .. ..	Stolen .. ..	717 9 7	.. ..
Value of stores .. ..	Destroyed by fire .. ..	459 0 0	.. ..
Value of stores .. ..	Deficient .. ..	75 11 1	.. ..
Advances, flood relief .. ..	Remitted by the Minister .. ..	.. ..	150 0 0
Advances to returned servicemen	Loss on realization .. ..	.. ..	1,622 13 11
Allowance off sale price for difference in weights	Irrecoverable .. ..	.. ..	28 15 1
Commission paid in error .. ..	Irrecoverable .. ..	.. ..	62 15 0
Discount .. ..	Amount waived .. ..	.. ..	45 15 7
Exchange, &c. .. ..	Irrecoverable .. ..	.. ..	4 5 2
Expenses incurred by purchases through incorrect loading and non-delivery of goods	Nugatory expenditure .. ..	.. ..	34 8 2
Replacement of pay lost .. ..	Nugatory expenditure .. ..	.. ..	14 3 2
<i>War Expenses Account</i>			
<i>Air—</i>			
Value of stores .. ..	Lost, broken, &c. .. ..	5,630 5 8	.. ..
Value of stores .. ..	Deficient .. ..	23,249 12 11	.. ..
Value of stores .. ..	Stolen .. ..	1,647 7 0	.. ..
Value of stores .. ..	Destroyed by fire .. ..	467,395 1 10	.. ..
Value of stores .. ..	Gratuitous issue .. ..	419 4 11	.. ..
Equipment lost in crashes .. ..	.. ..	54 5 0	.. ..
Fuel lost by evaporation .. ..	.. ..	13,143 5 7	.. ..
Compensation for loss of personal property	Nugatory expenditure .. ..	.. ..	99 18 8
Miscellaneous .. ..	Irrecoverable .. ..	.. ..	14 7 0
Pay and allowances overpaid..	Irrecoverable .. ..	.. ..	680 9 1
Repairs to motor-vehicles damaged in accidents	Nugatory expenditure .. ..	.. ..	546 10 2
Warrants and cheques cashed by unauthorized persons	Irrecoverable .. ..	.. ..	33 1 4
<i>Army (N.Z. Units and Depots)—</i>			
Value of stores .. ..	Lost, broken, &c. .. ..	59,870 6 1	.. ..
Value of stores .. ..	Deficient .. ..	9,470 15 7	.. ..
Value of stores .. ..	Stolen .. ..	1,622 16 1	.. ..
Value of stores .. ..	Destroyed by fire .. ..	319 9 9	.. ..
Value of stores .. ..	Gratuitous issue .. ..	11 10 6	.. ..
Capitation grants paid in error	Irrecoverable .. ..	.. ..	106 14 1
Compensation for loss of personal property	Nugatory expenditure .. ..	.. ..	63 11 0
Freight and charges .. ..	Irrecoverable .. ..	.. ..	51 17 6
Harvesting labour .. ..	Irrecoverable .. ..	.. ..	603 11 2
Money lost in the field .. ..	Irrecoverable .. ..	.. ..	158 5 1
Pay and allowances overpaid..	Irrecoverable .. ..	.. ..	789 18 4
Value of drill rejected .. ..	Debtors untraceable .. ..	.. ..	87 16 0
Value of impressed motor-cycle subject to undisclosed hire agreement	Debtor deceased .. ..	.. ..	26 1 0
Warrants and cheques cashed by unauthorized persons	Irrecoverable .. ..	.. ..	329 19 0
<i>Navy—</i>			
Value of stores .. ..	Lost, broken, &c. .. ..	4,000 13 3	.. ..
Value of stores .. ..	Stolen .. ..	516 3 7	.. ..
Value of stores .. ..	Obsolete .. ..	1,835 18 1	.. ..
Value of stores .. ..	Loss on issue .. ..	2,018 14 10	.. ..
Value of stores .. ..	Deficient .. ..	1,599 8 2	.. ..
Kit deficiencies .. ..	Irrecoverable .. ..	.. ..	13 11 1
Pay and allowances overpaid..	Irrecoverable .. ..	.. ..	16 10 0

STATEMENT OF SUMS IRRECOVERABLE BY THE CROWN, AND VALUES OF STORES, ETC.—*continued*

Department and Particulars.	Reason for writing off.	Value of Stores.	Cash.
<i>War Expenses Account—contd.</i>			
<i>Navy—continued</i>		£ s. d.	£ s. d.
Repairs to motor-vehicles and private property	Nugatory expenditure ..	..	1,419 1 4
Supplies to ships' mess ..	Irrecoverable ..	..	12 12 9
Travelling-expenses ..	Irrecoverable ..	..	3 7 6
Warrants and cheques cashed by unauthorized persons	Irrecoverable ..	..	6 3 4
<i>Agriculture: Services Vegetable Projects—</i>			
Value of buildings and other improvements	Loss on sale ..	28,279 11 5	..
Value of tools, tractors, implements, &c.	Loss on sale ..	12,466 18 9	..
Sales of produce ..	Company in liquidation ..	..	605 15 8
<i>Defence Services Provision Office—</i>			
Value of stores ..	Stolen ..	414 6 11	..
<i>Marine (Shipbuilding Division)—</i>			
Value of stores advanced ..	Part payment accepted in full satisfaction	..	84 4 3
<i>Public Works—</i>			
Value of stores ..	Lost, broken, &c. ..	543 3 3	..
Value of stores ..	Stolen ..	29 4 11	..
Value of stores ..	Destroyed by fire ..	38 14 0	..
		777,925 13 10	101,974 16 5
		£879,900 10s. 3d.	