

14. Section 24 (2) of the Motor-vehicles Act, 1924, requires that an amount of 1s. 6d. per license shall be deducted and paid into the Post Office Account to cover the expenses of administration. It was found that the whole amount was being paid to the Public Account, and that the administration expenses, instead of being paid to the Post Office Account as required by the Act, were being adjusted by a Treasury transfer. On the Audit Office drawing attention to the matter it was found that it would be inconvenient to deduct the amount for administration expenses as provided in the Act; and, as the departure from the law was merely a technical one and did not affect the final result, the Audit Office agreed to pass the entries pending an amendment of the Act which it is understood will be brought down during the present session.

15. Section 383 of the Land Act, 1924, provides that all moneys received on account of leases of the Ellesmere Lake lands shall be paid into the Public Account to the credit of the Public Works Fund, and shall be applied in the manner and for the purposes set forth in subsection (2) of above section. Some three years ago it was found that no account had been kept which would enable the Audit Office to satisfy itself that these revenues had been used only for the purposes for which they were legally available. The matter was brought under the notice of the Treasury, which gave instructions that a special account giving the necessary information should be drawn up. This has now been done, but it appears that the requirements of section 383 (2), which states that these revenues shall be applied firstly in repayment of the expenses of survey and administration of the said lands, have not in the past been fully carried out, no payment having been made in respect of administration expenses. Arrangements have been made that administration expenses shall be charged against these revenues for the future. The Treasury Department has expressed the opinion that no retrospective charge should be made for administration expenses, and in view of the difficulty of arriving at the amount of such expenses in connection with this account, which covers a period of nearly fifty years, the Audit Office has expressed its agreement with this view.

16. Certain provision was made in section 22 of the Finance Act, 1924, regarding the travelling-expenses of members of the General Assembly, and last year the Act was amended, but the amendment limited the provisions in the 1924 Act to steamer passages only. As the homes of certain members of the General Assembly were situated at long distances from ports motor conveyance had to be used, and there was found to be no legal authority therefor. The Audit Office, however, agreed to pass these expenses on being advised of the decision by Cabinet to so amend the Act as to authorize payments of the nature referred to.

17. Section 5 (1) (a) of the Government Railways Amendment Act, 1925, provides for the payment out of the Working Railways Account into the Consolidated Fund of interest "on the total amount of capital moneys expended in respect of the railways." For the purposes of the above section the total amount of capital moneys expended in respect of the railways was fixed by clause 4 of an Order in Council gazetted on the 4th March, 1926. The amount so fixed did not include the following items of expenditure :—

- (1.) Such charges and expenses of raising moneys by way of loan for the purposes of railway-construction and additions to open lines as were incurred prior to the 1st April, 1925.
- (2.) The amount expended as Public Works administration and supervision charges prior to the 1st April, 1925, in respect of the construction of railways.
- (3.) The amount expended, whether prior to or subsequent to the 1st April, 1925, during the construction of railways, as interest on loan-moneys raised and expended on railways while under construction, and before such railways became a Government railway open for traffic within the meaning of the Government Railways Act, 1908.

As such expenditure was incurred during or in respect of the construction of the railways, and was therefore part of the actual cost of the construction of the railways, it appeared to the Audit Office that the amount of such expenditure formed part of "the total amount of capital moneys expended in respect of the railways," as defined in the Act, and that it was therefore a departure from the provisions of the statute to omit such expenditure when fixing the amount of the capital moneys expended in respect of the railways. This opinion was supported by the Crown Law Office; but, as the Audit Office was informed that the inclusion of such expenditure was contrary to the desire and policy of the Government, it agreed to pass the entries on the basis fixed by Cabinet and set forth in the Order in Council, subject to the obtaining of legislation validating the exclusion of the items referred to above.

I may explain that the railways are constructed by the Public Works Department out of the Public Works Fund, the interest during construction being charged to the Consolidated Fund. On the completion of a railway (or portion of a railway) it is handed over to the Railways Department and becomes a Government railway open for traffic. The cost of the railway is then taken on charge as capital expenditure by the Railways Department, which pays interest on the amount of such expenditure, but in fixing such cost the above charges are not included.

*Section 84 (2) (c), Public Revenues Act.*

The following statement, showing every case of failure to deliver or send in accounts or to collect or account for moneys or stores, is supplied in terms of the above section of the Public Revenues Act, 1910 :—

Failure to account for £909 18s. 4d., made up of various items of revenue received and imprest moneys, led to the prosecution of an officer of the Public Works Department, who was sentenced to eighteen months' reformatory detention and dismissed from the Service. The amount will require to be written off with the sanction of Parliament.