

Increase and Decrease of the Debt.

The public debt accounts disclose an increase in the public debt for the year of £1,029,880 12s. 11d., detailed as follows :—

		£	s.	d.
Total debt as at 31st March, 1935 (B.—1 [Pt. III], page 8)		284,431,217	6	10
INCREASE DURING THE YEAR—				
Consolidated Fund—				
Ordinary Revenue Account	£	87,868	10	2
Greymouth Harbour Board liability taken over ..		260,000	0	0
War Expenses Account		219,246	19	0
Public Works Fund—				
General Purposes Account	£	2,982,975	13	4
Electric Supply Account		19,976	3	11
Discharged Soldiers Settlement Account		9,988	2	0
Main Highways Account		150,000	0	0
State Advances Account—Settlers Branch		98,529	14	8
State Forests Account		7,990	9	10
Loans Redemption Account—				
Part II: Conversion Account—				
Securities issued to cover premiums on conversion allocated to various accounts		15	0	0
		3,836,590	12	11
DECREASE DURING THE YEAR—				
From Electric Supply Sinking Fund Account		800	0	0
From State Coal-mines Account		10,000	0	0
From State Coal-mines Sinking Fund Account		8,590	0	0
From Discharged Soldiers Settlement Account Deed of hypothecation (Finance Act, 1931, No. 4, section 7 (2))		950,000	0	0
From Public Debt Repayment Account		1,440,215	0	0
From Loans Redemption Account—				
Nauru and Ocean Islands moneys		20,560	0	0
Reparation moneys		3,330	0	0
State Advances moneys		373,215	0	0
		2,806,710	0	0
Increase for year		1,029,880	12	11
Total debt as at 31st March, 1936 (B.—1 [Pt. III], page 8)		£285,461,097	19	9*

Interest payable by Railways Department.

I have, in the preceding comments on the treatment of exchange, mentioned that the Railways Department has during the year been relieved of exchange costs to the extent of approximately £500,000. On the other hand, it would appear that the Department has been charged with interest in excess of the actual amount paid by the Treasury on the Railways loan capital.

Taking the figures as they stood at 31st March, 1936, the following seems to be the position :—

The Railways capital is £54,170,548. The rate of interest actually paid by the General Purposes Account on £134,440,909 (which includes the above £54,170,548) amounted to 3·97 per cent., and at this rate the Railways Department should have been charged with £2,150,570 as interest on its capital, whereas it was actually charged under the existing regulations made under section 40 of the Government Railways Act, 1926, the sum of £2,302,224, or an excess of £151,654. In these figures exchange has been omitted.

It will be seen, therefore, that as an offset against the exchange of approximately £500,000 paid by the Consolidated Fund on behalf of Railways there has been an excess of £151,654 charged for interest against the Railways. The regulation does not seem to be equitable.

Creation and Issue of Adhesive Stamps.

The creation and issue of adhesive stamps is authorized by two enactments. Sections 10 and 11 of the Stamp Duties Act, 1923, provide that stamps for revenue or postage purposes shall be created in accordance with regulations made under that Act or under the directions of the Minister of Stamp Duties, while section 13 of the Post and Telegraph Act, 1928, states that "the Postmaster-General may cause to be made and sold postage-stamps"

In August, 1935, the then Prime Minister advised the Audit Office that the Government had decided to place the responsibility for the creation of stamps with the Post and Telegraph Department instead of with the Stamp Duties Department, as the division of control was considered inadvisable.

On the Prime Minister's undertaking that any legislation required to give effect to this decision would be submitted to Parliament in due course, the Audit Office agreed to raise no objection to the arrangement, and since then the Post Office has assumed control.

After the final parliamentary session of 1935, advice was received from the Post Office to the effect that, although the Department had taken the usual steps to procure the promised legislation, it had not been possible to introduce the necessary measure owing to pressure of business, and at the date of this report the matter has not been regularized.

I may add by way of explanation that there are occasions when, in cases of urgency and to avoid inconvenience to the Government, the Audit Office consents to raise no objections to irregularities such as this on the written promise of the Head of the Government that the matter would be validated at the next session of Parliament. This is the first occasion in my experience where the validation has not been provided in accordance with the promise of the Government.

* N.B.—These figures do not include loans under Rural Advances Act, 1926, amounting to £4,213,050, which are not treated by the Treasury as forming part of the public debt.