

Forests Act, 1921–1922.

When the balance-sheet for the State Forests Department for the year ending 31st March, 1938, came before Audit it was observed that assets were included under the heading of a Tobacco Scheme, and it was further disclosed upon inquiry that further assets of a similar type were acquired from the Department of Agriculture. The Audit Office raised the question as to whether the Department had any legal authority to engage in the tobacco-growing industry, and it was decided, after securing the opinion of the Crown Law Office, that such authority did not exist.

On an assurance being given by the Prime Minister that validating legislation would be forthcoming at the next session of Parliament, the accounts were passed by the Audit Office.

Electoral Act, 1927.

A grant of £140 was paid by the Government to Mr. J. Hodgins, Member of Parliament, when proceeding to Australia for the purpose of engaging tradesmen for the building trade in New Zealand. As the payment contravened the provisions of the Electoral Act, 1927, the Audit Office was unable to pass the expenditure, but on an assurance being given by the Prime Minister that legislation validating the payment would be introduced the expenditure was passed by the Audit Office.

Primary Products Marketing Act, 1936, and Amendments, 1937.

Section 6 of the Primary Products Marketing Amendment Act, 1937, authorizes the Department to fix wholesale or retail prices at which dairy-produce and certain other foodstuffs may be bought or sold in New Zealand, and section 12 of the same Act provides for the equalization, as far as practicable, of the net returns received or payable in respect of dairy-produce or other foodstuffs to which section 6 applies by the payment of such sums as the Minister may approve in any case where—

- (a) Such dairy-produce or other foodstuffs have been acquired by the Department; or
- (b) The Department has fixed prices or conditions governing the purchase and sale of any such dairy-produce or other foodstuffs by or to persons other than the Department.

In July, 1938, a retrospective increase was made in the price of cheese manufactured and exported after 31st July, 1937, and in order to assure an equivalent net return to all cheese-manufacturers the Minister later approved of an equalizing payment of 0·21d. per pound being made in respect of cheese manufactured after 31st July, 1937, but not exported.

It was pointed out by the Audit Office that section 12 applied only to cases where the Department had acquired the dairy-produce or had fixed prices or conditions of purchase and sale, and as the Department had not fixed prices or conditions governing the purchase and sale of cheese which was not exported there was no authority for the additional payments in respect of the cheese which had not been acquired by the Department.

Audit, however, agreed to pass the expenditure involved on the assurance of the Minister that validating legislation would be introduced. The Minister has issued instructions for the Department to prepare the necessary clause for the next Finance Bill.

Failure to promote Validating or Amending Legislation in Terms of an Undertaking by the Government.

In my report of last year I drew attention to the inherent dangers which exist in following the practice referred to under the previous heading, and I am pleased to be able to report that there are no cases this year in which the Government has omitted to introduce validating legislation where it was promised; but I regret