

rendered more difficult, but care was exercised to ensure that the amounts shown in the books under the old headings were brought under their appropriate headings in the Statement. The Statement correctly sets out the transactions under the new classification with one exception, which is as follows :—

The interest on loans raised by the Government under the Rural Advances Act, 1926, has not been included under the heading “Debt Services—Interest,” but is included under the heading “Other Special Acts—Miscellaneous.” As these loans constitute a part of the debt of the New Zealand Government the interest thereon should, in the opinion of the Audit Office, be included under the heading “Debt Services—Interest,” as in the case of other loans. As a result of the failure to include such interest, the amounts shown as “Total, Debt Services” in B.-1 [Part I], page 5, and the amounts shown as “Total, Other Services” on the same page would appear to be incorrectly stated.

### CASES IN WHICH THE PROVISIONS OF THE LAW HAVE NOT BEEN CARRIED OUT.

SECTION 89 (2) (b), PUBLIC REVENUES ACT, 1926.

#### Unemployment-relief Tax.

Chatham Islands School-teachers are exempt from payment of the unemployment levy, but are liable for the emergency unemployment charge provided by the Unemployment Amendment Act, 1931.

The Unemployment Board was not in a position to render any relief to the residents of the islands, and therefore did not desire that the charge should be collected from Government officials employed there. The Director of Education, when advised of this position, asked Audit to pass the salaries of teachers without deduction being made in respect of the charge. The Audit Office pointed out that the statute required that the tax should be paid, but agreed to pass the salaries on receipt of information that the necessary validating legislation would be provided at the first available opportunity.

#### Hawke's Bay Earthquake.—Temporary Business Buildings : Loan to Hastings Borough Council, £1,000.

Part II of the Hawke's Bay Earthquake Act, 1931, confers authority, *inter alia*, for a local authority to borrow and the State Advances Superintendent to lend moneys for the purpose of repairing any damage caused by the earthquake. During the year a voucher in favour of the Hastings Borough Council for a loan of £1,000 for the erection of temporary buildings for business premises was submitted to the Audit Office, but it was pointed out that there was no authority available under which the loan could be granted.

As it was not desirable that the payment should be held over until authority was obtained, Audit agreed to pass the voucher on an assurance being given by the Prime Minister that validating legislation would be provided during the next ensuing session. This legislation has since been obtained, and the necessary authority appears in section 48 of the Finance Act, 1931 (No. 4).

#### Public Trust Office.—Stamp Duty on Interest from Government and Local-body Securities.

Part IV of the National Expenditure Adjustment Act, 1932, provides for payment of stamp duty on interest derived from Government and Local-body loans. It was the intention of the Government to make all interest dutiable except that derived from securities exempted by the statute or by Order in Council.

A legal opinion was obtained by the Public Trustee in which it was held that the Public Trust Office was not liable for the payment of stamp duty.

As it was the clear intention that the Public Trustee should be liable for the duty, he was agreeable that the tax should be paid by the Public Trust Office, and the Audit Office passed the payments on receipt of an assurance from the Prime Minister that validating legislation would be provided during the next session of Parliament.

#### Motor-spirits Taxation Act, 1927.

Section 8 of the Motor-spirits Taxation Act, 1927, provides that a refund of tax should be made in respect of motor-spirits used for any purpose other than as fuel for a motor-vehicle in respect of which an annual license fee is payable under the Motor-vehicles Act, 1924. As motor-vehicles owned by a local authority and used exclusively in connection with the construction or maintenance of roads or streets were exempt from payment of annual license fees, local authorities were able to obtain a refund of tax in respect of motor-spirits used by these vehicles. The Auckland Transport Board and the Christchurch Tramway Board, not being local authorities within the meaning of the Act, were not entitled to this refund, but on representations being made to the Minister of Transport it was decided that the exemption conferred on local authorities should be extended to include these Boards. Vouchers containing claims for refunds of tax paid were submitted to the Audit Office and were passed on an undertaking being given by the Minister of Finance that validating legislation would be provided during the next session. The necessary legislation has since been obtained, and appears in section 16 of the Finance Act, 1931 (No. 4).

#### Government Fire Insurance Fund.

Section 133 of the Public Revenues Act, 1926, required the Minister of Finance to pay in each financial year to the Public Trustee the sum of £10,000 for the purposes of a Fire Insurance Fund, the moneys to be used for the rebuilding or restoration of public buildings destroyed or damaged by fire. The statute provides that the fund shall not exceed £100,000.