

1330. In examining various forms of expenditure in connection with the Unemployment Fund we have been impressed by the fact that various departmental organizations are being used in connection with the administration of unemployment relief, and that in some cases the cost of such administration is being borne by the several Departments concerned. For instance, the Public Works Department is largely engaged in administering relief, the administration expenditure on which is charged against the Public Works Fund—*i.e.*, loan-moneys. Also many duties are being undertaken by both the Labour Department and the Post and Telegraph Department, and the charges incurred are not always debited to the Unemployment Fund. We consider it should be accepted as a general principle that all administration expenses in connection with any particular activity should be charged against that activity, **and recommend that the whole administration charge in connection with unemployment relief be borne by the Unemployment Fund, if it still remains in existence, or by the special vote which should be taken on the annual appropriations.**

1331. We appreciate the difficulties under which the Board is operating, but would mention that, in our opinion, there are too many authorities dealing with the question of unemployed relief. We are informed that some schemes are undertaken by the Public Works Department, and they are in effect unemployment relief schemes, but are on a different basis to those operated by the Unemployment Board, and, furthermore, are financed by the Department from loan-money, which is inconsistent and undesirable.

1332. It is not suggested that Departments are acting in ignorance of what is being done by the others, or that there is no proper co-ordination between them, but we are definitely of opinion that assistance from several sources results in a greater total sum being expended than would be the case were the total amount voted by Parliament. In the circumstances, without expressing any opinion on the policy or method of ameliorating the unfortunate conditions due to unemployment, we may properly comment upon the variety of the machinery by which that policy is given effect to,

1333. The difficulty of transforming what has grown up by instalments into a co-ordinated whole is recognized, but from time to time opportunities of amendment and development will arise and should be taken advantage of. The ideal co-ordination may not be attainable, because considerations of administrative efficiency sometimes override those of financial simplicity and parliamentary control, but it is essential to make sure in every case that there are adequate reasons for departing from a long-established canon of sound finance.

1334. **There is a grave danger to which we feel we should direct attention — *i.e.*, the inauguration of capital works which are not required and will entail a heavy annual maintenance charge. In the endeavour to avoid the employment of men on uneconomic and useless work, there is a risk that large and ambitious schemes, such as roading, irrigation, and others, much in advance of the requirements of the community, may be put in hand without sufficient consideration being given to the ultimate liability which must be borne by the general taxpayer for maintenance and renewal of works.**

1335. The remarks of the Committee on National Expenditure in England in 1931 on the subject of unemployment, are singularly appropriate—*viz.*, “We are inclined to regard much of the expenditure as unwise in that it has been incurred considerably in advance of requirements.” Again, the Committee stated, “We recommend also that the Committee in future should not make grants towards road and bridge improvements.” We consider these remarks entirely applicable to this Dominion.

1336. The Committee made a further statement which we regard as sound: “We cannot endorse a policy of great expenditure on capital works irrespective of their economic value as a means of providing work. This is too expensive.”

1337. **The small-farms scheme recently inaugurated apparently involves the expenditure of loan-money, and violates the principle that borrowing for the relief of unemployment is unsound.**

COLLECTION OF UNEMPLOYMENT-TAX.

1338. We would also mention that there appears to be a degree of overlapping and uncertainty in regard to the collection of the unemployment levy and wages-tax. **We hold the view that taxation of this nature should be controlled by the Commissioner of Taxes, by whom the machinery for collection should be devised, and in whom should be vested the authority to give rulings in connection with the involved subject of unemployment taxation.** At the present time there does not appear to be that degree of uniformity of practice between the Tax Department, the Unemployment Board, and the Post Office which is essential to the smooth administration of the Act.

PUBLIC TRUST OFFICE.

STATE ADVANCES OFFICE.

NEW ZEALAND RAILWAYS.

POST AND TELEGRAPH DEPARTMENT.

1339. As we have already been granted two extensions of time in which to submit this final report, we are disinclined to ask for the further period that would be necessary for a complete investigation of these Departments, which, with the exception of New Zealand Railways, have, up to the present, not involved any charge upon general taxation. **In our opinion such an investigation is necessary, but would take several months to complete, and we accordingly recommend that a departmental examination of the expenditure be made as early as possible, with a view to effecting economies.** There are, however, several matters in connection with the Departments to which we briefly refer.