

The Marine Department is supplied by its agents with expense vouchers, manifests, &c., but not with victualling returns or statements of receipts and issues of saleable stores. It is therefore not in a position to state whether the vessel has been managed with reasonable economy, but the agents have advised the Department that the ship's records of costs and receipts have been checked by them. At the request of the Audit Office, inquiries are now being made as to the increase in costs between the seventh and eight voyages.

During the ninth voyage, Wellington to Sydney via Lyttelton, commencing on 4th November, 1946, and ending on 27th April, 1947, the ship was in Sydney for three months. At the time of writing this report the accounts for this voyage had not been received from the agents.

Prior to 1st April, 1946, the receipts and payments on account of the "Pamir" were reflected in the War Expenses Account. During the year 1946-47 the payments were charged to an item "Barque 'Pamir': Working Expenses" in vote, "Marine," and the receipts were credited to Marine Department, "Departmental receipts."

Subsidy on Stock Fodder and Chartering of Ships

To assist in relieving a stock-food shortage caused by drought conditions in the Auckland district in the early part of 1946 the Government chartered five overseas vessels to transport fodder from South Island ports. The vessels were operated by the Union Steam Ship Co. Ltd., which was allowed a commission on freights earned. Freights included large quantities of general cargo, and some of the vessels made more than one round voyage. The cost of running these ships on the New Zealand coastal trade exceeded their freight earnings by approximately £10,000 before making any charge for the actual charters.

In one case (the "Catspaw") the charter cost and payment for bunkers totalled £64,218, which was charged to Unauthorized Expenditure Account, but the costs of chartering the other ships have not yet come to charge. The net difference between costs met by the agents in operating the ships and the freight collected was debited against an item "Grants in relief of flood, fire, earthquake, &c." in vote, "Internal Affairs," to which a footnote is added in the estimates to the effect that it includes provision for drought relief in the North. The net shipping losses, £10,000, excluding charter costs, charged to it during 1946-47 are in respect of three ships, the fourth ship showed a return of £1,000, and a deficit of £872 in respect of the fifth came to charge after 1st April, 1947.

With regard to earnings, ordinary coastal freight receives a subsidy from vote, "Stabilization," but with these chartered ships Treasury withheld the subsidy as it would not have affected the net cost to the State.

In addition to net losses on operating the hired ships, payments totalling £44,300 were made to merchants and others to keep the sale price of fodder within the ceiling-price and were charged against the item on vote, "Internal Affairs."

A ship, also operated by the Union Steam Ship Co. of New Zealand, Ltd., was chartered by the Government to transport general cargo between Australia and New Zealand, and the result was an operating profit of £8,906, which will be credited in the 1947-48 accounts. No charter charges have yet been paid.