1947. The Audit Office has not been able to audit the accounts of these institutions, but the Service's records disclose a cash deficit in working-expenses for all hostels and camps of £1,261 for the year 1946–47, a not unsatisfactory result.

The National Employment Service has been authorized to erect and operate a new group of hostels for coal-miners at Ohai, Huntly, Reefton, and Ohura, and the buildings are at present under construction by the Public Works Department.

Hostels and camps for departmental trainees and employees are maintained by other Departments also, such as Post and Telegraph Department for trainees, and for single men employed at radio stations, and Health Department for dental nurses.

No accounts have yet been submitted by the National Employment Service in terms of section 9 of the Employment Act, 1945, in respect of its hostels and camps, nor do the other Departments disclose either in published accounts or annual reports whether or not income is sufficient to meet charges. As the interests of the various Departments are likely to dictate an extension of their provision for personnel accommodation it is desirable to have more information made readily available about them.

Native Trust Office

Under section 25 of the Native Trustee Act, 1930, the "control and management" of Native land or other land owned by Natives may be vested in the Native Trustee for the benefit of the beneficial owners, and under the general direction of the Board of Native Affairs the Native Trustee may farm the land, financing the operations out of borrowed moneys or "out of any moneys under his control."

In certain cases also when the financial and farming position of a security held by the Native Trustee appears to be deteriorating, increasing the likelihood of losses, control of the mortgaged properties is, with the consent or at the request of the owners or their representatives, assumed under section 25, and thereafter the lands are farmed by the Trustee. Section 47 (*d*) of the Act authorizes the original advances on mortgage not exceeding three-fifths of the value of the security, but in most cases of control, if not in all, there is insufficient margin to justify a further advance under that provision. There appears to be no statutory margin of security for expenditure on the properties after control is assumed, but it is likely that in all cases the debt to the Native Trustee is at present covered by the value of the relative property, including live-stock. Any loss on realization of a security would, it should be made clear, be met from Reserve Funds held by the Native Trustee.

An annual balance-sheet is prepared in connection with each property and audited by the Audit Office, but these individual accounts are not required to be presented to Parliament. Several properties are in steep and broken country, and the natural increase of live-stock is low and mortality heavy. Audit is in no position to prove the accuracy of the stock tallies, but arranges to have them prepared by the farm or station managers and checked by the departmental Supervisors, against shearing, docking, and crutching returns. The Supervisors are also required to make an annual muster. The Trustee