

In terms of the Act the Minister of Finance in 1942 fixed the rate of interest payable at 4 per cent. for all accounts except Housing Account, which was charged interest at the rate of 1 per cent. on the first £5,000,000 of its capital liability and 1½ per cent. on the balance.

Details of the amount of interest on capital liability received by the Consolidated Fund are shown in the Public Accounts B.-1 [Pt. I], pages 6 and 8.

During the past financial year the following accounts paid interest in full: Post and Telegraph, Electric Supply, Housing, Housing Construction, State Advances, and Linen Flax Corporation.

Accounts which paid part interest only are Land for Settlements, New Zealand National Airways, and Nauru and Ocean Islands.

No interest was paid by Working Railways, State Forests, State Coal-mines, and Iron and Steel Industry.

Interest is not payable by the following accounts, as the capital liability to the Consolidated Fund is represented by moneys used for the purchase of shares which attract any dividend declared: Bank of New Zealand, British Commonwealth Pacific Airlines, Ltd., British Petroleum Company of New Zealand, Ltd. Receipts by way of dividend from Corporations are shown in the Public Accounts, Ordinary Revenue Account, under the heading "Profits of Trading Undertakings."

The capital liability of the State Advances Account is offset by a corresponding asset consisting of State Advances Corporation stock which bears interest at the rate of 3½ per cent. These interest receipts are shown in the public accounts in Ordinary Revenue Account under the heading "Interest on Other Public Moneys."

Department of Agriculture

Regulation 35 of the Dairy-produce Regulations 1938 prescribes fees for grading butter and cheese, and states that if the total relative fees of the grading service for any year exceed the total of the expenses payable the Minister may direct that the following year's fees be reduced. If the fees are less than the expenses "the amount of such deficiency shall be deemed to be part of the cost of the said service in respect of the next succeeding financial year." A similar provision in Regulation 11 of the Farm-dairy Instruction Regulations 1938 relates to the recovery of three-fifths of the costs of farm-dairy instruction.

Following a recent examination of the accounts of the Agriculture Department, the Audit Office advised Treasury that, according to the records of the Department, since the passing of the regulations the net recoverable expenses had exceeded the fees in total by some £59,000 (grading) and £24,000 (farm-dairy instruction). These amounts remain to be dealt with in terms of the regulations.