A claim for £600 as compensation for the deaths in March, 1949, of two pedigree dogs was recently received by the Department. As the consignment had not been insured, the maximum legal liability was £20, but in June the Department made an *ex gratia* payment of £500.

It is understood that no publicity (other than that provided by the gazetting of the tariff) is given regarding the insurance cover available, and that the number of consignments insured during any year is relatively very small.

For the year ended 31st March, 1949, twenty-six claims were settled for an amount of £752 in excess of the maximum legal liability.

Departmental Income-tax Returns

Government Departments, as in the case of other employers, submit annually to the Land and Income Tax Department returns showing the sum paid to each employee during the preceding financial year. Fixed annual remuneration has of late years been much increased by payments in respect of overtime made on an hourly basis.

In the Railways Department the required information is prepared in the district offices, where special cards are kept to record the individual payments made during each year. These cards have been test-checked periodically by the Department's inspecting officers.

During 1948, however, a more exhaustive check was made, and it was found that some items entered on a few cards had later been reduced or deleted altogether. As a result the remuneration of the officers concerned was understated on the income-tax returns by varying amounts—in one case £149.

A disturbing feature was that two large understatements related to officers who wrote up their own cards. In another instance the salary of the officer controlling the district staff was considerably understated, although he did not enter up the card.

In furnishing their personal returns to the Land and Income Tax Department the officers concerned acted on the information supplied by their Department, but it might have been expected that where earnings were understated to any great extent they would have been aware of the differences.

Information regarding the two worst cases was submitted to the police, but that Department advised in one case " the circumstances would scarcely warrant a prosecution " and in the other " no evidence has come to light upon which the police could take action."

The Railways Department has advised the Land and Income Tax Department of the position, and it has also taken steps to ensure that similar discrepancies will not occur again.

Linen Flax Industry

It was expected that a considerable capital loss would be sustained on the liquidation of the assets of the Linen Flax Section of the Industries and Commerce Department, and the United Kingdom Government agreed to the loss being shared between it and the New Zealand Government in the same proportion as trading losses were shared—*i.e.*, the ratio in value linen-flax fibre supplied to the United Kingdom bore to fibre sold to New Zealand manufacturers.