

A detailed audit examination has not been possible since then, but a brief inspection has indicated that as a result of increased staff and reorganization in the Department of Island Territories there has been an improvement in the general accounting work.

With regard to the cost of victualling, the figures produced during the past year were unreliable, but the Audit Office has been assured that steps will be taken to prepare accurate returns as from 1st April, 1949.

Chartered Shipping

The Government charters vessels in its own name and entrusts them to the Union Steam Ship Co., Ltd., which operates them as agent. Section 78 (1) (c), Harbours Act, 1923, exempts "any ship in the service of the Government of New Zealand" from payment of harbour dues, but these are being paid on chartered vessels, and the practice has the approval of Treasury. The Audit Office does not question the justice of the payments, but draws attention to a departure from statutory provisions. Harbour dues are not paid on ships—*e.g.*, "Maui Pomare"—owned by the Government.

Subsidies are paid on certain vessels chartered by the Union Steam Ship Co., Ltd., and the net cost of these subsidies, together with operating losses and charter costs on ships operated by the company as agents for the New Zealand Government, amounted in 1948-49, to more than £1,300,000.

This figure does not include the net costs, which last year amounted to £358,000, of chartering and operating the immigration ship "Atlantis," provided for in the Estimates under vote, "Labour and Employment."

An amount of £67,000 had been paid to 31st March last on account of converting the "Atlantis" to her present use, but no definite information appears to be available as to the balance payable by New Zealand for this work.

Hostels and Workers' Camps

Some nine hundred persons displaced from their homes in Europe have been accommodated in the reception camp at Pahiatua previously occupied by Polish children. This camp is administered by the Labour and Employment Department, which also controls workers' camps and hostels for immigrants, miners, industrial workers, home aids, typists, and Government cadets. "Antrim House," in Wellington, was recently bought for £20,000 to provide additional accommodation for the last-named group of employees. A hostel just opened at Ohai is the fourth miners' hostel to be brought into service, and others are in various stages of construction.

Other Departments, too, find it necessary to provide hostel accommodation, and the Audit Office has urged the adoption of standard stores and accounting methods for all departmental hostels to enable proper controls and comparison of rationing and similar operating costs. Treasury is investigating the methods followed in different Departments, and is "noting the merits and defects in each."

The Labour and Employment Department has a specialized control organization and prepares adequate final accounts for each institution. An over-all saving in clerical and administrative work might result if it accepted responsibility for hostels run by less-specialized Departments. An example is a hostel erected during the war at Motueka for dehydration-factory employees and now operated by the Y.W.C.A. on behalf of the