Reserves and other Lands Disposal Act, 1936.

Section 32 (3) of the Reserves and other Lands Disposal Act, 1936, authorized the Government to acquire the property known as "Flock House" from the trustees of the New Zealand Sheepowners' Acknowledgment of Debt to British Seamen Fund, but this legislation did not confer the authority necessary to enable the trustees to sell the chattels thereon, which the Crown desired to buy.

On receiving an undertaking from the Prime Minister that any validating legislation required would be introduced during the next ensuing session of Parliament, the Audit Office agreed to pass the payments made from the Public Account in connection therewith.

Traffic Regulations, 1936, and Motor-vehicles Fitness Fees Regulations, 1937.

These regulations were made pursuant to the Motor-vehicles Act, 1924, and prescribed the fees that were payable by owners of vehicles for every warrant of fitness that was issued by the examining officials.

Where the examination was conducted by an officer of the Crown the fees were to be credited to Public Account, but civic authorities who were rendering a similar service to the Government were permitted to retain the regulation fees.

The regulations which were framed to meet public expediency and convenience were found, however, to conflict with the provisions of section 24 of the Motor-vehicles Act, 1924, which required the payment of all fees into the Main Highways Account. The Audit Office, on grounds of equity, agreed to raise no objection to the compliance of the regulations provided the Hon. the Acting Prime Minister gave an undertaking that the necessary validating legislation would be introduced next session, and this assurance was duly given.

In three other cases in which the Audit Office agreed to pass payments for which there was no authority of law, the necessary validating legislation was obtained last session.

Statement of Royalties payable to the Crown and unpaid at the 31st March, 1937.

Section 91 (2) of the Public Revenues Act, 1926, reads as follows:—

"The Controller and Auditor-General shall include in the report to be prepared by him pursuant to subsection two of section eighty-nine hereof a statement as to all royalties payable to the Crown and for the time being unpaid, setting forth in respect of such royalties—

"(*a*) The name of the person by whom the same are payable;

"(*b*) The amount payable by each such person; and

"(*c*) The steps (if any) that have been taken to recover the said royalties, and, if no such steps have been taken, the reasons for allowing the said royalties to remain outstanding."

It has not been the practice to publish the names of debtors in respect of unpaid royalties, although the Act requires that this shall be done, and, if Parliament does not require this information, it is desirable that the law be amended. In the figures hereunder are included all amounts which were shown in the books of Departments as owing and unpaid on the 31st March last. Many of the amounts have since been paid, and returns received from the various Departments concerned show that steps are being taken to collect moneys which are still owing. No good purpose appears to be served by publishing these particulars in my report each year, and it does not seem to be reasonable to draw a distinction between amounts owing to the Crown by way of royalties and other debts:—