

*Section 84 (2) (b), Public Revenues Act.*

The following are cases in which the provisions of Acts, regulations, &c., have not been carried out, or have been varied or departed from:—

1. Section 38 of the Public Revenues Act, 1910, provides authority for the Treasury to invest any of the balances of the Public Account. It has for some time been the practice, when one or other of the accounts forming part of the Public Account was short of funds, to replenish such account by the issue of securities to another account, and the section has thus been used as a means of authorizing the obtaining of temporary loans by one account from another account. It appears that this use of section 38 goes beyond the powers of the section, which was apparently intended to authorize the investment of moneys in the Public Account, and not the obtaining of temporary advances by one account from another. The Solicitor-General has suggested that legislation be introduced authorizing one account to make temporary advances to another without the issue of securities, subject to the necessary safeguards, and thus remove the necessity for using the authority of section 38 for obtaining such temporary advances. It is understood that the Treasury proposes to recommend amending legislation accordingly.

2. Section 77 of the Public Revenues Act, 1910, authorizes the Commissioners in London (appointed under section 72 of that Act), *or any two of them*, to issue an order for the payment of moneys out of the New Zealand Public Account, London. Such orders are required to be countersigned by the Audit Officer in London, and he has drawn my attention to the fact that in the absence of the High Commissioner from London it was practically impossible to obtain the signatures of two of the Commissioners as required by the Act, and that the bank had been in the habit of accepting the signature of one Commissioner only, the High Commissioner signing later, on his return to London. The Audit Officer was thus called upon to countersign documents which were not issued in accordance with the Act, and had no alternative but to do so. Representations were made to the Treasury on the matter, and subsequently, as a result, the Finance Officer in London has been appointed a third Commissioner, so that the difficulty of obtaining two signatures does not now arise, and the law is being complied with.

3. Under the provisions of the Greymouth and Hokitika High School Acts, 1883, one-half of the revenues from certain education reserves in the Westland District was required to be paid to the Greymouth High School Board and one-half to the Hokitika High School Board. Owing to a misinterpretation of the law these reserves were treated as coming within the provisions of the Education Reserves Act, 1908, and its amendments, and the revenues were erroneously credited to the Westland Provincial District Secondary Education Deposit Account and distributed as provided in the Education Reserves Act. By section 49 of the Reserves and other Lands Disposal and Public Bodies Empowering Act, 1925, all previous payments were validated. A portion of the revenues, however, was held by the Treasury for disposal under the Greymouth and Hokitika High Schools Acts, 1883. From these revenues certain administration charges had been deducted, and credited to the Lands and Survey vote on the assumption that the revenues were subject to the Education Reserves Act, 1908, which provides for the charging of administration expenses; but as there is no provision in the Greymouth and Hokitika High School Acts of 1883 enabling administration expenses to be charged, the deduction was contrary to law. As no appropriation was available against which a refund of the administration expenses could be charged, during last financial year the accounts could not be adjusted, but it is understood that steps will be taken to enable the adjustment to be made during the current year.

4. Section 27 of the Public Revenues Act, 1910, indicates that the Consolidated Fund is not to include any separate account which by any Act is directed to form part of the Public Account. Section 119 (1) of the Coal-mines Act, 1908, and the corresponding section 109 of the Coal-mines Act, 1905, provide that there shall be a *separate account* within the Public Account to be called the State Coal-mines Account. Owing to an oversight this account has not, since its inception, been treated as a separate account outside the Consolidated Fund, as required by law, but as a separate account forming part of the Consolidated Fund. The Treasury has recently been asked by the Audit Office to treat the account as a separate account from the 1st April, 1926, on which date the Coal-mines Act, 1925, came into operation. I would point out that this departure from the provisions of the Act is merely a technical breach, the transactions in connection with State Coal-mines having been kept separate from those of any other account just as effectively as if the law had been fully observed.

5. Section 5 of the New Zealand Loans Act, 1908, provides that, *upon being authorized by the Governor-General in Council so to do*, the Minister may raise by way of loan the sums authorized to be raised by any authorizing Act. An Order in Council dated 23rd March, 1925, was obtained under this section, giving authority for the raising under the State Advances Act, 1913, section 18 (2), for the business of the Advances to Settlers Branch of the State Advances Office, of any sum not exceeding in the financial year ending the 31st March, 1926, the sum of £5,000,000, after providing for the costs, charges, and expenses connected with the raising thereof. This Order in Council applied only to the year ending on the 31st March, 1926; and during April, 1926, the Treasury submitted revenue accounts crediting further loan-moneys to this loan. As no Order in Council for the year 1926-27 had been submitted to the Audit Office, the matter was brought under the notice of the Treasury. On the 22nd April, 1926, an Order in Council covering these loans was submitted, but as this Order in Council was dated 20th April, 1926, it appears that the moneys raised between the 31st March, 1926, and the 20th April, 1926, were raised without compliance with the conditions imposed by statute. No further action appears to be necessary.

6. Section 7 (2) of the New Zealand Loans Act, 1908, provides, in respect of moneys raised under that Act, that the costs, charges, and expenses incurred in raising the aforesaid moneys shall, without further appropriation than this Act, be charged to and paid out of the appropriate fund or account.