

universities under section 297 (a) of the Land Act, 1924, will be reduced, and, similarly, the amounts available for credit of the Education vote under section 297 (b) of the Land Act, 1924, and for the payment of old-age pensions under section 298 of the same Act, will be correspondingly reduced. It seems doubtful whether this reduction, particularly in the amounts payable to universities, was contemplated when the sections were passed abolishing the separate accounts.

NEW ZEALAND REPARATION ESTATES.

During the year the revenues of the New Zealand Reparation Estates situated in Samoa were, by an Order in Council under the Treaties of Peace Act, 1919 (*Gazette*, 1930, page 3494), brought within the Consolidated Fund and made public moneys within the meaning of the Public Revenues Act, 1926 (with the exception of sections 21 and 44 of that Act), and the receipts and expenditure of these estates have for the first time been brought under the review of Parliament, a new subdivision in the estimates having been provided under vote External Affairs. This is a decided improvement, as it will tend to give a measure of parliamentary control over the expenditure on the Reparation Estates. Owing, however, to the fact that it is not contrary to law to exceed the amount of any subdivision of a vote, provided that the total vote is not exceeded, there is nothing to prevent portion of the amount voted for External Affairs, Head Office, being applied to Reparation Estates, or *vice versa*, and the control of Parliament is therefore not yet as effective as might be desired. Direct parliamentary control over the amount to be expended on Reparation Estates could be obtained only by making such expenditure the subject of a separate vote, and not merely a subdivision within a vote.

FINANCE ACT, 1930 (No. 2), SECTION 6.

I have more than once had occasion to call attention to the tendency of recent legislation to weaken the provisions of the Public Revenues Act in so far as they relate to the control of expenditure by Parliament.

As another instance I may refer to section 6 (2) of the Finance Act, 1930 (No. 2), in which it is enacted that certain advances out of the Public Account may be charged against the Public Account Cash Balance Investment Account. This latter account is merely in the nature of a suspense account in which there is no credit balance against which to charge expenditure.

Section 55 of the Public Revenues Act requires that the Controller and Auditor-General, before authorizing the issue of any moneys, shall satisfy himself that there is sufficient balance to the credit of the fund or account to meet the charges named in the requisition. The advances in the clause of the Finance Act referred to above are, however, not charged against any fund or account coming within the meaning of the above section 55; consequently the Controller and Auditor-General is unable to comply with the provisions of the Public Revenues Act.

Another objection to this method of charging advances is that it has the effect of rendering the statement of particulars of the various funds and accounts, as published, to be misleading. As the advances are not charged to the various funds and accounts in the Public Account to which the moneys belong, these funds and accounts individually show in the statements submitted to Parliament a fictitious cash balance, for, although an advance of cash has been made from the cash held on behalf of these funds and accounts, such advance has not been charged against them, and the credit balances of the individual accounts show in the published statements the same balances as if no advance had been made. The result is that the same cash shows as a cash balance in two different Government accounts.

The practice of utilizing the balances of the funds and accounts so as to derive interest therefrom is, of course, not objected to, but, in the opinion of Audit, the individual amounts contributed by the various funds or accounts should be charged directly against those funds or accounts, in order that the powers of the Controller and Auditor-General can be exercised as required by the Public Revenues Act, and in order that the details of the various funds and accounts may be more accurately shown to Parliament in the accounts of the Dominion.

FINANCE ACT, 1930 (No. 2), SECTION 13.

This section enacts that, notwithstanding anything to the contrary in the Public Revenues Act, 1926, the Treasury may direct that public moneys received in countries beyond New Zealand shall be paid into such bank as the Treasury appoints for credit to such imprest or other special account as the Treasury may determine, and that such moneys may be utilized for expenditure under any appropriation of Parliament. This clause gives power to the Treasury to overrule the provisions of sections 26 and 76 of the Public Revenues Act, which require that all public moneys shall, except as therein otherwise provided, be kept in one account at the bank—namely, the Public Account.

It is understood that the section was intended to apply to New Zealand public moneys received in Samoa and Australia, and had its application been limited to these countries, or to countries where there was no branch of the Public Account, it would not have been open to serious objection. As enacted, the section would, however, apply to New Zealand public moneys received in England, where there is a branch of the Public Account, and would therefore enable the Treasury, should it so desire, to render inoperative the whole of Part VIII of the Public Revenues Act, 1926, which was intended to govern these moneys. By such action the control exercised by Parliament over the issue of such moneys through the medium of the Audit Office could be entirely evaded. It appears unlikely that the section was intended to apply to public moneys in the United Kingdom, where several millions of New Zealand public moneys are received and expended each year, and it would seem desirable to amend the section so that it will apply only in countries in which no branch of the Public Account exists.