

The two essentials of an appropriation are that it should designate the fund from which the expenditure is to be made and the purpose for which it is to be made. Parliament appropriates from each fund, either by an annual or a permanent appropriation, the moneys to be expended therefrom, and thus controls the expenditure by deciding not only how much should be expended for a particular purpose, but also from what statutory fund the expenditure should be made. Under the Public Revenues Act the responsibility is placed on the Audit Office of ensuring that the moneys expended are charged against the fund provided by Parliament for the same, that the appropriations of Parliament are not exceeded, and that the moneys are used for the purposes for which they are voted.

In some recent cases, however, the usual practice of specific appropriation by Parliament has been departed from. The following may be quoted as examples :—

Section 6 of the Finance Act, 1932 (No. 2), empowers the Minister of Finance to make transfers between accounts or funds within the Public Account in connection with dealings in land vested in the Crown. The effect is to enable the Minister, if he so desired, to appropriate the moneys of one statutory fund for the purposes of another statutory fund, and apparently the Minister, instead of Parliament, is constituted the sole judge as to the propriety of the transaction, and the Audit Office has no power to object if any transfer were made under this section even though it might be of opinion that the transaction is improper from an accountancy point of view.

Prior to the passing of the New Zealand Loans Act, 1932, the charges and expenses of raising loans were by law directed to be charged to and paid out of the appropriate account (meaning thereby the fund or account specified in the authorizing Act) or out of the Consolidated Fund. Section 61 of the New Zealand Loans Act, 1932, however, now provides that the charges and expenses of raising loans may, without further appropriation than this section, be charged to and paid out of the Consolidated Fund or *such other fund or account as the Minister thinks fit*. The effect is to give the Minister power, if he so desired, to appropriate moneys from any account for this purpose, and thus to transfer the power of appropriation from Parliament to the Minister.

Section 65 of the New Zealand Loans Act, 1932, empowers the Minister in certain cases to determine the particular fund or account to be relieved of the capital liability in respect of loans redeemed, and thus in effect transfers to the Minister the power formerly vested in Parliament of determining to which particular account a loan relates. If, for instance, a Minister were to determine that a loan raised for the purpose of electric supply should be repaid from the revenues of the Land for Settlements Account, Audit could offer no objection. This means that the moneys of one account could be used for the purposes of another account, which is contrary to the previously accepted principle of parliamentary practice, which required that moneys raised or set aside by Parliament for any particular purpose must be devoted to that purpose and no other.

It would appear, therefore, that Parliament has divested itself of the power to control the expenditure in cases such as those above mentioned, and the Controller and Auditor-General has been divested of the responsibility placed on him as an officer of Parliament of satisfying himself that the limitations hitherto placed by Parliament on such transactions were being observed.

Secondly, there appears to be a growing tendency to subordinate the Public Accounts, which are statements of "receipts and payments" prepared by the Treasury pursuant to statute for submission to Parliament, to the departmental balance-sheets and Revenue Accounts (the "commercial accounts") prepared by the various Government Departments. The statutory accounts prepared by the Treasury are on a cash basis, and are designed for the purpose of controlling the expenditure of public moneys, and are suitable for that purpose. The departmental accounts are not designed for such a purpose, nor are they capable of being used to control the annual expenditure, for they do not record the amount actually received and expended in any year.

In this connection the following quotations from the authority already referred to are of interest :—

"Real responsibility cannot be attached to the acts of the executive without publicity, and can only be ensured if, after the executive has performed its part, the way in which that part has been performed is ascertained by independent officers, and the result made known to Parliament.

"The value of the publicity of the accounts is in direct proportion to their completeness and detailed information. However valuable a summarized statement may be in affording *prima facie* evidence that the provision made by Parliament has been followed, it cannot in itself furnish that full information which Parliament is entitled to have and which alone will enable it to follow up the expenditure. This principle applies not only to the normal annual provision, but still more to any extraordinary and supplementary provision made during the year. If Parliament has placed money at the disposal of a department for extraordinary services, that department is bound to show Parliament in return, as completely as circumstances permit, the manner in which the money so entrusted to it has been expended. Publicity furnishes the most effectual mode by which control can be exercised through the instrumentality of an audit office, and is therefore a most effective check upon improper or irregular expenditure of every kind, provided due advantage is taken of it; but, as Mill points out, 'publicity is no impediment to evil nor stimulus to good, if the public will not look at what is done.' At least the opportunity is provided, for without publicity the public could neither check nor encourage what it was not permitted to see.

"Though the system of accounting for parliamentary grants necessarily possesses many of the features which are generally understood to be included in the term 'accounting,' as applied to commercial affairs, it cannot in its wider and more important aspect be treated from the commercial point of view at all, for it is founded on constitutional principles and