

Towards the end of the year, when it appeared that the unauthorized limit would be exceeded again, the Prime Minister gave a further undertaking to introduce the legislation necessary to validate any over-issue. The abstract of Unauthorized Expenditure Account appears in parliamentary paper B.—1 [Pt. I], and it will be seen that the statutory limit of £500,000 for services other than Railways has been exceeded by £278,032 15s. 4d. The necessary validating legislation appears in section 9, Finance Act, 1940.

Surplus Credits-in-aid.

Credits-in-aid may be defined generally as recoveries which arise from expenditure made from a vote, and which are in the nature of a set-off to expenditure as distinct from purely revenue receipts. Estimated credits-in-aid to any vote are deducted from the estimated expenditure under the relative vote when the amount of that vote is appropriated by Parliament by the annual Appropriation Act, but are themselves separately appropriated in the same Act.

Section 51 (3), Public Revenues Act, 1926, provides in effect that moneys actually received as credits-in-aid to any vote in excess of the amount appropriated as such, and termed "surplus credits-in-aid" may, with the approval of the Treasury, be temporarily applied to increase the amount available for expenditure on the purposes set out in that vote. The application of such credits-in-aid is, however, not temporary, but final, though a return of all the amounts of excess credits-in-aid applied to the purposes of votes is required by section 51 (4) of the same Act to be laid before Parliament, and is sanctioned as part of the Unauthorized Expenditure Account.

The effect of the surplus credits-in-aid provision is that moneys may be expended beyond the amount having prior authorization by Parliament, and is in the nature of an addition to the unauthorized authority of £600,000 given by section 58 (3) of the Public Revenues Act, 1926.

So long as credits-in-aid are not greatly in excess of the amount estimated to be received in respect of them, no serious objection could be taken to their use in the way herein set out, but as shown in the following schedule covering the last ten years the surpluses made use of are of very large amount.

The use of credits-in-aid to such amounts shows that the expenditure under the votes exceeded the estimate at least to the amount stated, for it is only when this occurs that surplus credits-in-aid are drawn upon.

It has to be added, however, that these surpluses, unlike unauthorized, may be applied only to purposes provided for by votes, but provided for insufficiently.

	£	s.	d.
Year ended 31st March, 1931	16,959	15	3
Year ended 31st March, 1932	19,611	10	3
Year ended 31st March, 1933	Nil		
Year ended 31st March, 1934	5,505	19	3
Year ended 31st March, 1935	33,341	5	4
Year ended 31st March, 1936	90,969	1	4
Year ended 31st March, 1937	334,648	13	3
Year ended 31st March, 1938	680,742	18	0
Year ended 31st March, 1939	1,602,572	14	0
Year ended 31st March, 1940	2,636,269	19	1

Statement of Royalties payable to the Crown and unpaid at the 31st March, 1940.

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 reason for allowing the said royalties to remain outstanding."