

COST OF REMITTANCES TO LONDON.

During the period from January to May, 1929, £5,650,000 was remitted to London, at a cost of £30,300, to meet repayment of the Consolidated Stock loan which matured on the 1st November, 1929, as shown in the Budget for last year, which states that stock to the amount of £1,925,500 and £4,731,356 (£6,656,856 in all) was met from funds provided from New Zealand (B.—6, 1930, page 12). Pending their application for this purpose, these moneys were temporarily invested in London, and the interest earned was as shown in the preceding comment, page x, allocated to all the accounts within the Public Account.

Under the authority of the Appropriation Act, 1926, section 13 (as amended by the Finance Act, 1929, section 14), the cost of these remittances has also been allocated against the various accounts which obtained the interest, in proportion to amounts of interest credited, and not against the accounts whose loans were maturing.

This allocation does not appear to the Audit Office to be an equitable one, for the following reasons:—

The maturing loans making up the £6,656,856 were for the following accounts—	£
Consolidated Fund—Ordinary Revenue Account	2,292,442
Public Works Fund—General Purposes Account	4,072,791
Land for Settlements Account	23,765
Native Land Settlement Account	3,731
Naval Defence Act Account	24,613
State Coal-mines Account	518
State Advances Account	238,996
	£6,656,856
	£6,656,856

and it follows that the cost of remitting these moneys should have been charged against the above accounts in proportion to the amount of loan paid off. Actually, however, the cost was charged against other accounts as well, and in proportion to the interest credited. The result has been that certain accounts on behalf of which no part of the remittances was made, as they had no loans maturing, have been charged with a portion of the costs of remittances made on behalf of other accounts. As an instance, I would refer to the case of the Electric Supply Account, against which a charge of £2,295 4s. 10d. was made for the cost of remittances, although this account had no need for any remittance to London. As a matter of fact, this account had surplus funds of its own in London at the time, which were being used to save other accounts the cost of remittances.

PERMANENT APPROPRIATIONS—UNDER SPECIAL ACTS OF THE LEGISLATURE.

In the Abstract of the Revenue and Expenditure of the Public Account certified by me pursuant to section 88 of the Public Revenues Act, 1926, the Treasury has for the year ended 31st March, 1931, adopted a new method of classifying the expenditure under permanent appropriations. The new method of showing this expenditure appears to me to be a considerable improvement on the method previously followed, as it gives a clearer indication of the nature of the services on which the expenditure was made. In two respects, however, the new classification appears to be incorrect and misleading.

(a) Under the heading "Debt Services" in B.—1 [Part I], page 5, are included all payments made by the Treasury in connection with Government loans (including payments made on non-Government loans guaranteed by the Government), with one exception—namely, interest paid from the Consolidated Fund on loans raised by the Government under the Rural Advances Act, 1926, and recovered from the State Advances Office. This interest has been shown under the heading "Other Services, Other Special Acts, Miscellaneous," but it appears to the Audit Office that it should properly be included under the heading "Debt Services—Interest." The item "Total debt services" would therefore appear to be incorrect, the figures shown in the "Gross" column and "Credits" column being understated by £161,662 11s. 1d. and £162,501 1s. respectively (being the amount of such interest paid from and recoverable by the Consolidated Fund during the year), while the figures shown in the "Net" column are overstated by £838 9s. 11d.

(b) In B.—1 [Part I], pages 7 and 9, there appear the following items of net expenditure:—

Westport Harbour Act, 1920, section 5A (2)—Advance to Westport Harbour Account	£	s.	d.
	5,000	0	0
Rural Intermediate Credit Act, 1927, section 16—Advances to Rural Intermediate Credit Board	127,900	0	0
Finance Act, 1929, section 9—Assistance towards repair to or the restoration of public works damaged by the West Coast earthquake and the provision of special services necessary as a result of such earthquake	174	0	0
Imprest Supply Act, 1927, section 4—Subsidies to local authorities in respect of amounts expended in relief of unemployment	1,818	6	3
Unemployment Act, 1930, section 3 (3)—Subsidy on expenditure out of Unemployment Fund	159,246	11	3
Hawke's Bay Earthquake Act, 1931, section 58—Grants and special Government services in connection with the Hawke's Bay earthquake	29,535	18	10
Local Authorities Empowering (Relief of Unemployment) Amendment Act, 1928, section 3—Subsidies to local authorities in respect of unemployment relief works	114,950	1	0
	£438,624	17	4
	£438,624	17	4