

above proved insufficient to meet the charges made against the Unauthorized Expenditure Account during the year just ended. When this became apparent the Prime Minister gave an undertaking that legislation validating any over-issue in the Unauthorized Expenditure Account would be introduced at the forthcoming session of Parliament.

The excess was caused to a great extent by the fact that the Employment Promotion Fund was not in a position to recoup the various votes with the amounts which had been expended from these votes on behalf of the Fund.

I drew attention last year to the fact that the amount of £10,959 19s. 9d. issued in excess of the limit existing in the year ended 31st March, 1937, had not been validated in accordance with the undertaking given by the Prime Minister, and it was explained to me by the Treasury that it was considered that the limit had not been exceeded. The difference of opinion arose from the fact that the Audit Office regarded section 58 of the Public Revenues Act, 1926, as applying to issues, whilst the Treasury regarded it as applying to net expenditure. The Crown Law Office has since advised that the limit of £500,000 now existing applies to the gross total of "sums issued," and that the fact that certain amounts may be recovered does not take such amounts out of the category "sums issued."

The details of the expenditure from the Unauthorized Expenditure Account appear in parliamentary paper B.—1 [Pt. I], which has already been laid before Parliament, and it will be seen that the statutory limit of £500,000 which may be issued has been exceeded by £624,470 4s. 9d.

Surplus Credits-in-aid.

A further matter in connection with the control of expenditure by Parliament to which I desire to draw attention is that of the abnormal increase in the total of surplus credits-in-aid during the year. Section 51 (3), Public Revenues Act, 1926, provides that any surplus in respect of a vote arising from an excess of the moneys actually received as credits-in-aid over the amount estimated to be received may, with the approval of the Treasury, be temporarily applied for the purpose of that vote in defraying expenditure which is not adequately provided for by appropriation.

To enable control to be maintained, Parliament, by means of a vote, appropriates the net estimated expenditure and the estimated credits-in-aid *before* the expenditure is made by a Department, but by the use of excess credits-in-aid a great deal of expenditure may be made without the prior approval of Parliament. Control can be fully effective only when applied before expenditure is made, and although surplus credits applied are sanctioned by Parliament this is not done until the Appropriation Act of the next year is passed.

Surplus credits-in-aid applied during the year as shown in B.—1 [Pt. I] amounted to £1,602,572 14s. This sum, together with unauthorized expenditure of £1,124,470 4s. 9d., makes a total of £2,727,042 18s. 9d. that has been expended without the prior approval of Parliament. Of the expenditure from unauthorized, £24,787 3s. 11d. was recovered.

It is, of course, recognized that Parliament is unable to foresee and provide for every item of expenditure, and the Public Revenues Act, 1926, enables a limited amount of necessary and urgent expenditure to be made and later approved by Parliament, but it would appear from the above total that consideration should be given to the revision of the existing authority regarding the use of surplus credits-in-aid.

The following schedule shows the amount of surplus credits-in-aid applied for departmental expenditure during the last ten years :—

	£	s.	d.
Year ended 31st March, 1930	8,330	17	6
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