Social Security (Medical Benefits) Regulations 1941.

Every medical practitioner who has agreed to provide medical benefits in accordance with the above-named regulation is entitled to receive from the Social Security Fund for every person for the time being on his Patients' List a capitation fee at the rate of 15s. per annum, and if any patient whose name is included in the Patients' List removes from his place of residence he is required by the regulations to give notice of such removal in order that, if removal takes him beyond the visiting area of the medical practitioner, payment of capitation may be terminated. It is hardly to be expected that such a requirement will always be observed, especially in present circumstances when large numbers of men leave their homes to take up military duties, and the regulations provide a further means of keeping the Patients' Lists up to date by allowing the removal therefrom of the names of persons in respect of whom a registered letter forwarded by the Medical Officer of Health remains unanswered for a period of six weeks.

The Health Department recognizes the desirability of correcting the Patients' List by the method mentioned, but has not been able to undertake the work, and doubtless, therefore, medical practitioners giving service on a capitation basis are being paid in respect of persons who have removed beyond their areas. In respect of men serving with the forces, the Health Department is now seeking information from the Army, Navy, and Air Departments which will assist it to correct Patients' Lists so far as such men are concerned.

(*i*) AUDIT OF WAR EXPENSES.

War Expenses Account.

The substantial expansion of New Zealand's war effort has resulted in a corresponding increase in Audit work, and whilst it has not been possible to provide a proportionate accession to Audit staff the work has been kept reasonably up to date by a necessarily severe elimination of detail examination and by reliance, wherever possible, on departmental checking.

The net amount of loan-moneys paid into the War Expenses Account during the year was £24,416,311, the proceeds of taxes credited to it totalled £21,937,454, miscellaneous receipts were £118,658, and £3,226,000 was transferred from the Consolidated Fund, a grand total of £49,698,423.

Net expenditure brought to charge in connection with the three fighting services amounted to £4,521,876 for the Navy, £30,709,218 for the Army, and £11,201,559 for the Air Force. Under the heading of "Civil" the net charge was £2,089,029, and under miscellaneous heading £68,273, making a grand total of £48,589,955.

In respect of the foregoing figures it will be remembered that the Public Accounts include only cash receipts and payments, and transfers between various accounts. They do not include amounts owing to or by the State at the end of any accounting period. This system of accounting on a cash basis has been found to be the most suitable to the needs of government, and under ordinary conditions it is sufficiently accurate, since estimates of expenditure can be closely adhered to and outstandings tend to be fairly uniform in amount from year to year. Under war conditions, however, as they apply to New Zealand, a cash statement may be far from presenting a complete account of transactions. It does not, for instance, deal with liabilities which may ultimately be required to be met under lend-lease arrangements, nor with payments made on account of the Dominion by the Imperial Government and not yet repaid. Nor does it reveal that certain expenditure is recoverable, such as that on stores supplied to the Eastern Group Supply Council.

Control of War Expenditure.

When Parliament enacted section 2 of the War Expenses Act, 1939, it surrendered to the Executive Government, following the precedent of the war of 1914–18, the parliamentary control over certain expenditure which itemized appropriation provides. The provisions of subsections (2) and (3) of section 2 are as follows:—

> (2) Any moneys in the War Expenses Account may, without further appropriation than this section, be expended for defence purposes or for any purposes connected directly or indirectly with any war in which His Majesty may now or at any time hereafter be engaged, whether arising during or after the war.
>
> (3) If any question arises as to whether any purpose is a purpose for which moneys may be expended from the War Expenses Account it shall be determined by the Minister of Finance, and his decision shall be final.

One of the duties of the Audit Office is to see that issues of public moneys are made for purposes authorized by Parliament, and, although the statutory provisions quoted above do not set aside this duty, they give a very wide, though no doubt necessarily wide, authority for any expenditure related to the war effort. The