

It has further been the practice to charge the Social Security Fund with the cost to Ordinary Revenue Account of administering Part III of the Social Security Act and with the cost of collecting the social security tax. The Treasury proposes to discontinue these transfers, which for the year 1946-47 would have totalled on estimate £230,000.

It is intended also to discontinue the transfer from War Expenses Account to Ordinary Revenue Account covering the cost of treating service patients at the Services' Convalescent Hospital, Rotorua, and Queen Mary Hospital, Hanmer.

Interest on Capital Liability

In terms of section 6 (1) and (2) of the National Development Loans Act, 1941, all amounts transferred under the Act to any account other than Consolidated Fund, together with the balances of the various liability accounts as at 1st April, 1942, other than Consolidated Fund and War Expenses Account, were constituted a capital liability of the appropriate accounts to the Consolidated Fund.

Section 6 (5) provides that interest on the amounts of capital liability of the various accounts shall be paid to Consolidated Fund at such rates and times as the Minister of Finance prescribes.

This mandatory provision is qualified by section 3 of the Finance Act (No. 3), 1943, whereby the Minister of Finance may remit the whole or part of the interest owing if the available funds in the relative account are insufficient to meet the interest charge. In addition, the reduction of interest on capital liability owing by Working Railways Account is provided for in the Finance Act, 1930 (No. 2), section 14.

During the past financial year liability accounts as follow have paid interest on capital liability in full: Electric Supply, Housing, Housing Construction, Post and Telegraph, and State Advances.

Part interest only was paid by: Working Railways, Land for Settlements, and State Coal-mines.

No interest was paid by: Main Highways, State Forests, Nauru and Ocean Islands, and Iron and Steel Industry.

Public Works Account : Replacement Works

A substantial amount is expended each year from Public Works Account on non-productive works such as courthouses, police-stations, &c., and for some years it has been the practice to transfer from Consolidated Fund vote, "Maintenance of Public Works and Services" to Public Works Account vote, "Public Buildings," an amount to recoup the buildings vote in respect of expenditure charged thereto in connection with any maintenance and replacement works. In the year under review Parliament appropriated £10,000 for this item.