

CORRESPONDENCE

RELATIVE TO

BALANCES AT CREDIT OF THE PUBLIC ACCOUNT
OF NEW ZEALAND.

PRESENTED TO BOTH HOUSES OF THE GENERAL ASSEMBLY, BY COMMAND OF
HIS EXCELLENCY.

WELLINGTON.

—
1869.

CORRESPONDENCE RELATIVE TO BALANCES AT THE CREDIT OF THE PUBLIC ACCOUNT.

No. 1.

Mr. J. E. FITZGERALD to the Hon. the COLONIAL TREASURER.

SIR,—

Controller's Office, 25th August, 1867.

Pursuing the subject of my letters of the 17th and 23rd instant, I have now the honor to explain how the balances in the Public Account will stand upon the adjustment I propose to carry out. Those balances were, on the 30th June—

	£	s.	d.
Consolidated Fund	113,109	9	8
Special Fund	<i>Dr.</i> 49,046	12	0
Land Fund	<i>Dr.</i> 2,745	6	8
Public Trust Fund	62,502	7	7

After the adjustment they will stand as follows:—

	In the Colony.			In England.		
	£	s.	d.	£	s.	d.
Consolidated Fund	<i>Dr.</i> 32,296	16	4
Special Fund	160,059	19	0	112,483	13	9
Land Fund	<i>Dr.</i> 2,745	6	8
Trust Fund	<i>Dr.</i> 1,197	17	5	50,118	2	0

And, taking into account the operations on the Public Account which have taken place since the 30th June, the balances will stand as follows in the Colony:—

	£	s.	d.
Consolidated Fund	<i>Dr.</i> 99,800	10	4
Special Fund	<i>Cr.</i> 161,732	1	8
Land Fund	<i>Dr.</i> 677	2	10
Trust Fund	<i>Cr.</i> 1,932	19	6

It will, perhaps, be convenient that I should once more state, what has frequently been stated in my communications with the Treasury, the view taken by the Controller of the differences between the balances in the accounts of this Office and of the Treasury.

When the four funds were divided the balance in the Chest was divided, and all moneys were subsequently paid into the four accounts. I need not enter upon the question, upon what principle such division was made. The Controller deals only with the money as it is placed in his custody. The Controller's balances are therefore those resulting from the actual payments into and issues out of the Public Account. But if the Treasury were to make a statement showing that the payments made in 1867-8 were erroneous, and will show what moneys ought to have been placed to the credit of each fund, I have always held that it would be the duty of the Controller to make an adjustment to rectify transactions which were made upon insufficient information.

But such a statement must of course refer only to the balances in the Wellington Bank, because, for the purpose of issue, that only is money in the Public Account—that is to say, money upon which the Government can draw.

It seems to me that some one period should be taken, and that the 1st July, 1868, would be the best for this purpose. At that date the balances were as follows:—

	Treasury.			Controller.		
	£	s.	d.	£	s.	d.
Consolidated Fund	46,979	15	11	35,145	8	0
Special Fund	7,183	14	11	25,043	6	0
Land Fund	36,856	13	2	12,446	19	6
Trust Fund	36,782	3	6	1,045	2	8
	127,802	7	6	73,680	16	2

The sum of £54,121 11s. 4d., by which these balances differ, was money *in transitu* in the Colony, and perhaps some small sums in suspense. But it is the total of £73,680 16s. 2d. which requires to be redivided, so as to make the balances in the Control and the Treasury agree.

It is obvious that this is a transaction which must never be repeated; and I have always represented that I could not make the alteration unless upon a statement of account showing that the adjustment would be final. These balances being once adjusted, would always coincide in future at the end of the year, by the refund of the Paymaster's unexpended balances to the proper account.

I would therefore respectfully urge upon the Treasury the desirability of making this adjustment of the balances on the 30th June, 1868, with as little delay as possible.

I have, &c.,

The Hon. the Colonial Treasurer.

JAMES EDWARD FITZGERALD.

No. 2.

MEMORANDUM by Mr. BATKIN.

I AM quite unable to explain the discrepancies between the balances at credit of the four funds in the Public Account, as stated by the Controller and by this Department. I believe these discrepancies are owing mainly to differences in the mode of dealing with the transactions of the English Agents, and to the different modes of constructing the accounts. For instance, as between the Treasury and the Colony, the balance of any fund in the Public Account—say the Special Fund—is the sum received throughout the Colony to a given date, less the sum paid, including the transactions of the English Agents. As between the Controller and the Colony, the balance in the Public Account is the sum received into the Bank at Wellington to the same date, plus the receipts of the English Agents, minus the amount of the Treasury requisitions, minus the expenditure of the English Agents.

I believe that a fatal error in the accounts of the Controller is to be found in his dealing with the expenditure of the English Agents. Thus, on finding that a sum of money actually raised by loan has been expended by the Crown Agents for Interest and Sinking Fund, the Controller, I believe, forthwith makes an entry in his books as though the money so applied had been withdrawn by requisition from the Special Fund, and at the same time transfers, in his books, a corresponding sum from the Consolidated to the Special Fund to restore what appears to him to be a misapplication of funds: the real operation being this—the Treasury having say £50,000 to expend in the Colony for defence, for telegraph, and for other services chargeable on the Special Fund, and having at the same time a similar sum payable in London for Interest and Sinking Fund, with an available balance of borrowed money (Special Fund) in the hands of the Crown Agents, the Treasury applies the money lying in London to the London payment, and applies the money drawn from the Controller in the Colony for interest to the payment of the Special Fund charges.

The Controller has no means of becoming acquainted with that part of this operation which is performed in the Colony; but on receipt of the accounts of the Crown Agents he at once incorporates in his accounts that part of the transaction which has taken place in England. I have repeatedly urged that the Controller should not recognize or deal in any way with the expenditure of the Crown Agents; that no operation on the Public Account should take place, or be deemed to have taken place, except by requisition in the prescribed form operating within the Colony; but that on receipt of the Crown Agents' account the Controller should forthwith call upon the Treasurer to place in the Public Account at Wellington the whole of the sums shown to have been received by those officers.

If the moneys so received are neither expended, nor immediately required to be expended, the money can be removed by draft. If, on the other hand, it has already been or is about to be expended for any purpose, the Treasurer would be compelled to make a requisition for the amount in order to restore the balance as required by the Controller.

There are many other sources of difference between the two accounts, but these are the most important.

The Treasury balances are the result of transactions, debtor and creditor, which are scrutinized by the Auditor-General with extreme nicety, and with the exception of such trifling errors as are the subject of occasional query and adjustment, those transactions and balances have never been disputed by that officer.

Treasury, Wellington,
27th August, 1869.

C. T. BATKIN,
Accountant to the Treasury.
