

1894.

NEW ZEALAND.

ACCOUNTS OF THE PUBLIC TRUST OFFICE

(FURTHER PAPERS IN RELATION TO).

Laid before the General Assembly in pursuance of Section 42 of "The Public Trust Office Act, 1872," as amended by "The Public Revenues Act, 1882," Section 15.

MEMORANDUM for the Hon. the COLONIAL TREASURER.

BUT that I have been unable owing to severe illness to attend to any business, I should at once have replied to the memorandum by the Public Trustee on my report on the balance-sheet of his office for the past year, and have pointed out some of the serious misstatements contained in that document.

But I desire first to place clearly before the public the exact issue of the difference between the Public Trust Office and that which I have the honour to fill.

For nearly thirty years it has been the established policy of this colony that no public money shall be expended except under a certificate of the Controller-General that such expenditure had been authorised by Parliament; and this provision extends even to the Governor, who is forbidden to issue his warrant without such certificate. When Parliament resolved to establish such offices as the Insurance Office and the Public Trust Office, in which moneys belonging to private persons were placed in trust with the Government for certain purposes, it determined that such moneys should be deemed to be "public money," in other words, that the same security against their misappropriation should be applied to moneys placed in trust with the Government as to those payable to it by law.

Now, it is not my concern to criticize or defend this policy. But I think I am entitled to call attention to the fact that, whilst these relations have subsisted ever since the year 1867 between the Controller-General and the numerous public accountants without dispute or trouble of any kind, one officer alone insists on being relieved from a control to which all other public servants, from the Governor downwards, are subject. This being so, it seems fair to assume that the present difficulty arises from some personal peculiarity on the part of the solitary complainant, because the Controller fails to display the same admiration for the present system of the Trust Office accounts as that entertained by its author.

I reported that the balance-sheet as presented for audit was not a correct statement of the transactions of the Public Trust Office for the past year. The Public Trustee has replied to each of the objections which I took. I will show in one or two instances out of several that the explanations he offers are not consistent with the facts, as I understand them. I may, however, first point out that the Public Trustee does not deny that the accounts of the office are such as to require frequent corrections. "A list of more than 320 errors in a year," he says, "can only be regarded as a very flattering testimony to the general accuracy and efficiency with which the books and accounts are kept." I am not surprised that he should discredit the statement that accounts come before me daily in which errors from year's end to year's end are almost unknown; yet I am happy to say, for the credit of the colony, that such is the case.

To come to the replies which have been made to particular objections made by me.

I stated, with regard to one estate, "In one case, where the money of a client was invested in mortgages at a high rate of interest, the mortgages were arbitrarily transferred to investments of the 'Common Fund,' and the client was informed that he would in future receive the statutory interest of 5 per cent. paid by the common fund. The result was that he immediately withdrew his whole estate from the office, and had it transferred to him in England."

To that, the Public Trustee now replies: "The estate in question has not been withdrawn; none of the mortgages in which the funds of the estate were invested have been transferred from the estate. All that happened was that uninvested money belonging to the estate, and in my hands after the Act of 1891 was passed, fell, as was required by the provisions of that Act, into the common fund, to thus yield the rate of 5 per cent. The client, in some hasty conclusion, and adversely to his own pecuniary interests" [receiving 5 instead of 7 per cent.] "proposed to do as Mr. FitzGerald now represents him to have done, but was eventually anxious that his fund should remain." "I do not want," he said, "any more remitted, so long as you are allowed to pay 5 per cent."