

1941.
NEW ZEALAND.

PUBLIC ACCOUNTS COMMITTEE

(REPORTS OF THE).

(MR. J. ROBERTSON, CHAIRMAN.)

Laid on the Table of the House of Representatives.

ORDERS OF REFERENCE.

Extracts from the Journals of the House of Representatives.

WEDNESDAY, THE 26TH DAY OF MARCH, 1941.

Ordered, " That a Select Committee be appointed, consisting of ten members, to examine into and report upon such questions relating to the public accounts which may be referred to it by the House or the Government, and also into all matters relating to the finances of the Dominion which the Government may refer to it: the Committee to consist of the Right Hon. Mr. Coates, Mr. Coleman, Mr. Dickie, Mr. McCombs, Dr. McMillan, Mr. Polson, Mr. Robertson, Mr. Thorn, Mr. Wilkinson, and the Mover." (Hon. Mr. NASH.)

THURSDAY, THE 28TH DAY OF AUGUST, 1941.

Ordered, " That the Public Accounts Committee examine the particulars furnished to the House in the Return to Order No. 49 of 6th October, 1939, laid on the Table on 30th July, 1940, relating to the development of lands under the Small Farms (Relief of Unemployment) Act, 1932-33, and in particular investigate such discrepancies as may appear on comparing the above particulars with particulars relating to the same lands furnished in the Report on the Settlement of Crown Lands (C.-1) laid on the Table on 29th July, 1941; and, further, that the Committee do report the results of its investigations to the House."—(Hon. Mr. NASH.)

REPORTS.

FINAL REPORT.

I HAVE the honour to report that the Public Accounts Committee, consisting of ten members, has during the session held twelve meetings, with an average attendance at each meeting of six members.

The estimates of expenditure and the Public Works estimates for the financial year were referred to the Committee by the Government for consideration.

Eighty officers of State in all appeared before the Committee and underwent examination on their respective departmental votes.

Certain resolutions on the various classes of estimates were agreed to and forwarded to the Minister of Finance for his consideration.

Parliamentary papers, Return to Order No. 49 of 1939, and the Report on the Settlement of Crown Lands of 1941 were referred to the Committee for investigation. Evidence was heard by the Committee, and the results of its investigations were reported on to the House.

The report of the Controller and Auditor-General (B.-1 [Pt. II]) was referred to the Committee by the Government. Certain departmental officers appeared before and were examined by the Committee, whose report was forwarded to the Minister of Finance.

16th October, 1941.

J. ROBERTSON, Chairman.

SPECIAL REPORT.

I HAVE the honour to report that the Public Accounts Committee wishes to record its appreciation of the capable manner in which Mr. J. Robertson has performed his duties as Chairman of the Committee, and directs that this resolution be reported to the House.

16th October, 1941.

C. A. WILKINSON, Member of the Committee.

PARLIAMENTARY PAPERS: RETURN TO ORDER NO. 49 OF 1939, AND C.-1, 1941, REPORT ON THE SETTLEMENT OF CROWN LANDS.

I HAVE the honour to report that the Public Accounts Committee, to which was referred the above-mentioned papers, has carefully examined same and heard evidence thereon, and has arrived at the following conclusions:—

1. The Committee finds that the accountancy system of the Department in regard to land-development is entirely satisfactory, and that the accounts are audited by the Controller and Auditor-General in the usual manner. That the discrepancies between the Return to Order No. 49 of 1939 and the Report of the Settlement of Crown Lands, C.-1 of 1941, were due not to a defect in the system of accountancy, but to mistakes in the manner in which some information was compiled for the Return.

2. The evidence produced to the Committee in regard to the discrepancies in the figures in the 1939 Return was very complete, and the Committee is satisfied that the major cause of the discrepancies was the fact that certain types of subsidies on wages were included in the column headed "Total Expenditure, ex Subsidies," which resulted from a misinterpretation of the meaning of this heading by some district offices.

A further discrepancy was caused by the fact that the figures were furnished as at 31st December instead of at the end of the financial year, and the district offices endeavoured to estimate expenditure as at the earlier date.

3. The Committee considers that the headings of some of the columns in the 1939 Return and in Table C of the 1941 departmental annual report were not sufficiently explicit as to the nature of the figures which they purported to cover.

4. The Committee would point out that the figures required and given in the 1939 Return were not appropriate for determining the cost of the development of land on a per-acre basis owing to the fact that the total expenditure shown included expenditure for the purchase of live-stock and chattels and for current farming-costs, as well as expenditure on development of the land.

5. The Committee has compared the figures for total expenditure, excluding subsidies for the Te Kuiti District, with the ledger totals shown in the books as audited by the Auditor-General, and found that the figures corresponded when allowance was made for—

- (a) Subsidies wrongly included:
- (b) Cost of live-stock, chattels, and current farming requirements:
- (c) The small errors in the estimates of expenditure but given as actual expenditure to 31st December:
- (d) Some clerical error.

The actual discrepancies arising from the estimated expenditure are small in comparison with the amount involved, but the Committee considers that it would be preferable for the completion of Table C to be delayed until the figures can be checked with the balance-sheet figures at the end of the financial year.

6. The regular accounts in regard to land-development blocks show that no loan-moneys have been written off until the respective blocks have been allotted to individual settlers after full development and subdivision. The amounts written off are included in the Small Farms Balance-sheet and Revenue Account laid before the House in the annual parliamentary paper B.-1 [Pt. IV] in terms of section 57 of the Finance Act, 1932, and the Committee is satisfied that this procedure is the correct one.

7. The papers and evidence supplied to the Committee show that subsidies for labour have been recovered wherever the productive value of the land involved will permit.

The Committee is satisfied from the evidence placed before it that, having regard to the type of development undertaken in the cases under review, provision must be made for excess labour-costs to be written off to the extent that they cannot be supported by the productive value of the land.

8. The Committee recommends that the Department of Lands, in collaboration with Treasury, should redraft the form of the tables in the annual report to ensure that they set out clearly not only the net cost of the development of the land, but also actual subsidies granted for each block and the results of farming operations for each financial year.

9. The foregoing findings deal with the matters comprised in the order of reference, but after considering the evidence produced in this inquiry the Committee also recommends that the Government should set up a Select Committee to consider and report on the best methods of development and utilization in the national interest of lands of the types referred to in this report.

12th September, 1941.

J. ROBERTSON, Chairman.

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