

Disposal of Army Motor-vehicles.—In his remarks on the disposal of Army motor-vehicles the Controller and Auditor-General quotes a statement from an investigating officer, who reports as follows: "Before the vehicles could be valued, the standardized basis of their valuation should have been agreed upon." It was shown in evidence that in a Ministerial statement by the Minister of Supply and published on the 28th April, 1943, the following procedure was to be adopted:—

"Vehicles would be valued by special Government valuers, who would value on a fair basis taking into account the original retail price, thus eliminating any inflation of prices due to war influences."

It was evident from the facts placed before the committee that all the valuers did not follow the same procedure on all occasions, and that officials acting as Disposal Officers did not always have written authority so to act. Many of the arrangements for valuing and disposal were made in discussions and over the telephone. The Committee points out that as conversations were not confirmed in writing, confusion arose as to the precise arrangement made. That confirmatory letters should be used in similar circumstances in future will now be apparent to all concerned.

It was also shown that the official who acted for a period as Disposal Officer at Christchurch on behalf of the Ministry of Supply exceeded his duties by granting price concessions to two Army officers without proper authority, and also supplied petrol to purchasers of motor-vehicles in excess of the authorized quantity. Administrative difficulties were created by the failure of the then chief valuer to co-operate with the Army Vehicles Disposal Board, to which he was attached as technical advisor and chief valuer. This attitude of the officers referred to towards those in authority was responsible for the work of disposal being temporarily disturbed and also for the development of unnecessary friction.

Evidence was given that a full investigation by both Audit and the Army Security Intelligence Bureau was made into the sale of certain cars in Christchurch to Army officers. With the exception of those cases where the Disposal Officer exceeded his authority by granting special allowances, the cars were sold in accordance with the then policy of the Ministry of Supply at values supported by a competent valuer working in accordance with the policy of the Supply Department. The report on all the transactions was submitted by the Controller and Auditor-General to the Crown Law Office, and an opinion was received that no legal action would succeed against any of the officers concerned, or the officer who bought a truck and resold it immediately for a profit of £100. The investigation was continued, and as a result proceedings were taken against those persons who were involved in the handing over and acceptance of non-Army or Government petrol for breaches of the Oil Fuel Regulations. In addition, Army officers have now been surcharged for work done on cars after valuation, unauthorized running on private occasions by Army vehicles, and for discounts which had been given in two cases which were not in accordance with the regulations. These surcharges amount to £142 16s. 10d., of which £127 7s. 0d. has been paid into the Public Account at the date of this report, and the Controller and Auditor-General states that satisfactory arrangements have been made for the recovery of the remainder. Further inquiries are being made to see if other action is warranted.

It is desirable to state in this report that the Controller and Auditor-General is not a servant of the Government, but of Parliament. He reports direct to Parliament, through the Speaker, and is not responsible to any Minister. The Controller and Auditor-General can, and does, initiate prosecutions where he, after consulting the Crown Law Office, considers that he should do so. This power is not subject to the control of any Minister or the Government. In a democracy such an officer invested with these powers ensures that the administration of the country in financial matters is carried out strictly in accordance with the law, and his power to report direct to Parliament is a most valuable safeguard in the control of the people's money.

The Committee desires to thank the Controller and Auditor-General for the great assistance he has been to the Committee, and also to thank the Commissioner of Supply and other witnesses for the manner in which they have presented their evidence.

In view of the investigation made by the Committee last year into the accounts of the Armed Forces, the Committee is pleased to note that this year the Controller and Auditor-General reports substantial improvements have been made, though matters are still not wholly satisfactory.

13th December, 1944.

T. H. McCOMBS, Chairman.

REPORT *re* CHAIRMAN

I HAVE the honour to report that at a recent meeting of the Public Accounts Committee the following resolution was agreed to: "That the Public Accounts Committee desires to express its appreciation of the unvarying impartiality and courtesy with which Mr. McCombs, as Chairman, has, during a long and trying period, directed the proceedings of the Committee."

14th December, 1944.

W. J. POLSON, a Member of the Committee.

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