1902.
NEW ZEALAND.

PUBLIC ACCOUNTS COMMITTEE

(REPORT OF) ON PAPER B.-9, "ACCOUNTS OF THE PUBLIC TRUST OFFICE FOR THE YEAR ENDED 31ST MARCH, 1902"; TOGETHER WITH MINUTES OF EVIDENCE.

(MR. FISHER, CHAIRMAN.)

Report brought up on 26th August, 1902, and ordered to be printed.

REPORT.

THE Public Accounts Committee, to whom was referred the abovementioned paper, have the honour to report that they have considered the same, and are of opinion "That no action is necessary."

26th August, 1902.

GEORGE FISHER, Chairman.

MINUTES OF EVIDENCE.

TUESDAY, 19TH AUGUST, 1902.

Re ACCOUNTS OF THE PUBLIC TRUST OFFICE FOR THE YEAR ENDED 31ST MARCH, 1902 (PAPER B.-9).

J. K. WARBURTON, Controller and Auditor-General, in attendance and examined.

1. *The Chairman.*] With regard to this B.-9 paper, Mr. Warburton, is it the paper of last year?—No; it is this year's, with reference to the Public Trust Office accounts.

2. Will you explain the matter, please?—The Public Trustee placed the sum of £500,000, arising under section 8 of "The Bank of New Zealand and Banking Act, 1895," to the credit of the Estate Account, and treated the investment of the money as belonging to the common fund of the Public Trust Office. Then, during last year he transferred the money from common-fund investments to special-fund investments. Now, under the Public Trust Office Act an "instrument" includes a statute.

3. *Mr. Guinness.*] What section?—In the definition of "terms," I think. An "instrument" includes a statute; and section 29 of the Public Trust Office Act provides as follows: "Subject as is provided by section thirty of this Act, all capital moneys, however arising, whether before or after the coming into operation of this Act, and whether directed to be invested or not, shall, unless expressly forbidden to be invested, become one common fund, and such moneys shall be invested as provided by section thirty-one of this Act; and any investments made from such common fund shall not be made on account of or belonging to any particular estate." The money was so deposited; it was so treated when it first came into the Public Trust Office. But its investment was afterwards transferred from common-fund investments to special-fund investments. Now, section 29 applies clearly to this case. There was no direction whatever for investment. It was therefore a fund coming in under an instrument without any direction as to investment. The guarantee of the Public Trust Office is given to moneys of the common fund; and those who appoint the Public Trustee to be the trustee of their estates are largely attracted by such guarantee given to moneys of the common fund. Now, if a sum of money which clearly falls into the common fund under section 29 of the Act, though it may arise under a statute, can be taken out in this way, there is no security that any individual estate consisting of money may not be treated in the same way. But the fact is that the money has unlawfully been removed from its position as an investment of common-fund moneys to an investment of special-investment moneys.

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