

1902.  
NEW ZEALAND.

# PUBLIC ACCOUNTS COMMITTEE

(REPORT OF THE) ON PAPER B.-17.—GOVERNMENT VALUATION OF LAND DEPARTMENT (STATEMENT OF ACCOUNTS OF THE).

*Report brought up 26th August, 1902, together with Minutes of Evidence, and ordered to be printed.*

## ORDERS OF REFERENCE.

*Extracts from the Journals of the House of Representatives.*

TUESDAY, THE 8TH DAY OF JULY, 1902.

*Ordered*, "That a Committee, consisting of ten members, be appointed to examine into and report upon such questions relating to the Public Accounts as they may think desirable, or that may be referred to them by the House or by the Government, and also into all matters relating to the finances of the colony which the Government may refer to them; five to be a quorum: the Committee to consist of Mr. J. Allen, Mr. Colvin, Mr. Fisher, Mr. W. Fraser, Mr. Flatman, Mr. Graham, Mr. Guinness, Mr. Palmer, Sir William Russell, and the mover."—(Hon. Sir J. G. WARD.)

THURSDAY, THE 24TH DAY OF JULY, 1902.

*Ordered*, "That Paper No. 101B. (Statement of Accounts of the Government Valuation of Land Department be referred to the Public Accounts Committee."—(Hon. Mr. MILLS.)

## REPORT.

B. 17.—GOVERNMENT VALUATION OF LAND DEPARTMENT (STATEMENT OF ACCOUNTS OF THE).

THE Public Accounts Committee, to whom was referred the above-mentioned paper, has the honour to report that it has considered the same, and is of opinion that no action is necessary.

Tuesday, 26th August, 1902.

G. FISHER, Chairman.

## MINUTES OF EVIDENCE.

TUESDAY, 26TH AUGUST, 1902.

JAMES KEMMIS WARBURTON, Controller and Auditor-General, examined. (No. 4.)

Re *Statement of Accounts of the Government Valuation of Land Department (Paper B.-17).*

1. *Mr. J. Allen.*] This question is the one that has cropped up several times as to what the "Public Account" is, is it not?—It is the question of what is revenue and what is expenditure of the Public Account. On the expenditure side of his account the Valuer-General is in accordance with the Public Account. He does not include anything that may be expenditure—outstanding imprest or liabilities. But on the receipts side he includes moneys received whether they have come into the Public Account or not. The whole explanation of the Audit Office is given on page 3—in the last memorandum by me on that page.

2. *The Chairman.*] We threshed this matter out last year, I think. The evidence upon the paper is contained in the Appendices to the Journals, I think?—I do not quite recollect that; but there was a case this session of practically the same question—*i.e.*, whether the railway revenue included the moneys received in Wellington or not. It is really the same question.

3. *Mr. Palmer.*] Has not the same thing happened before this year?—Yes.

4. Then, how is it the question was not raised before?—I cannot say that I observed it particularly. This year I came to look for the particulars of the amount received which was entered in the Public Accounts and the discrepancy then came before me. I could not understand for the moment the account which I had certified last year. It turned out that I had to deduct moneys received in the Post Office for one year and add the moneys so received for another year in order to bring the Valuer-General's Account into correspondence with the Public Account of revenue and expenditure.

5. When amounts of £25,000 and £50,000 come into the Post Office Account in one lump I suppose it takes a considerable time to separate which is Post Office money and which money under the Advances to Settlers Act?—No; I think the money is separated at once; the Post Office separates it. They separate the amounts for each Department.

6. *Mr. J. Allen.*] Is there any dispute between the Audit Office and the Treasury as to the interpretation of the words "Public Account"? Are you both clear on that?—I have no doubt myself. First of all, section 23 of the Public Revenues Act provides—and the Valuer-General's Account is a "public account"—that, "The Receiver-General shall, day by day, prepare from the cash-books or abstracts of the several Receivers, and shall send to the Audit Office, an account showing so much of the moneys paid into the Public Account or otherwise by such Receivers as he shall not have previously included in any such account; and shall distribute such moneys to the several funds under the several heads of revenue, or to the credit of the several votes requiring to be credited, according as the same have arisen; and shall at the same time send to the Audit Office all the copies or abstracts of Receivers' cash-books and other vouchers in support of such account. The said account, when certified by the Audit Office, shall be deemed to be the Revenue Account of the colony for the day to which it relates, and shall be recorded in the books of the Treasury and Audit Office accordingly." Then, the Treasury regulations provide that the "revenue" means the moneys received in the Public Account at the bank at Wellington.

7. *Mr. Palmer.*] You say it is not Public Account money until it is actually in the bank?—That is so. The moneys are not revenue until they arrive at a particular point.

8. *Mr. J. Allen.*] Must there not be some particular point at which they do become revenues of the Public Account for the purposes of audit?—That is the particular point.

9. What I want to know is, is it necessary there should be that particular point?—The Act so provides, but I do not know of any other necessity.

10. Could you audit them satisfactorily without having a particular point?—It would take longer. Suppose, for instance, that moneys were lodged at the Agent-General's office in London, I should have to wait until the accounts came out if I had to audit all the receipts of every Department.

11. *Mr. Guinness.*] But is it not a fact that if you take when these moneys are received at the bank at Wellington to mean the date to which the revenue is to be made up it will not show the true state of the finances on that particular date, for money is in the hands of certain officers although not actually paid into the account?—That is so; that is the condition of the public revenue.

12. Well, then, do you not think the Act requires amending in that respect; that in order to ascertain what is the state of the public revenue on a particular date you should take into account—and the Treasury should take into account—the moneys actually paid into the bank on that date and moneys in the hands of officers on that date?—That would be a complete account. I certainly think so; but it would take some time to have it ready for publication. For instance, the Post Office renders its account to the 31st December, and that includes every receipt in, say, London—in fact, in every part of the world—and every payment by its officers to the 31st December.

13. *Mr. J. Allen.*] Of course, if Mr. Guinness's contention is correct with regard to revenue, it will apply also to expenditure?—Quite so. Every item of receipts and expenditure in the Post Office is accounted for at the 31st December; but with the Public Account in New Zealand we close the accounts at a certain point, and we keep out some expenditure and revenue.

14. *Mr. Colvin.*] Then, you do not get the true state of the accounts?—No, we do not. A large amount of money actually expended is required by the Act to be treated as advances in the hands of the officers of the Government.

15. *Mr. J. Allen.*] You see a difficulty in so designing our accounts as to provide that every item should be brought to account?—I do not think there is any difficulty whatever; but it would be a matter of the time to be required in presenting the accounts. It would take longer.

16. Would it make the B.-1 return later than it is now?—I do not know anything about the B.-1 return. That is a Treasury matter.

17. *Mr. Guinness.*] The Valuer-General says it is impossible to disclose the true financial position without including the balance in hand, and moneys received and accounted for by the Post Office, and yet the Audit Office refuses to allow them to appear?—I do not object to a book-keeper's statement by the office, but all that I can certify to is the revenue and expenditure according to the Public Account. I suggested to the Valuer-General that he might make one statement of facts for my signature, or for my certificate, and that he might add below that which would make it a book-keeper's account. I think I stated so in the papers. Yes, the last memorandum on page 2 reads, "The statement which the statute requires, being one of moneys received into and expended out of the Public Account, cannot include any but the moneys so received and expended. To include them, indeed, makes the statement untrue. It will, however, overcome any

hesitation if to the heading to the statement the words 'of the Public Account' are added. And if a statement showing the moneys received by the Post Office in addition to those received by the Public Account"—the words "is necessary" are left out—"such a statement could be given independently. It could be made below the Audit Office certificate to the statutory statement." That would have enabled the difficulty to be overcome, and the two statements might have been embodied in one—one statement certified, and the other not certified.

18. *Mr. Palmer.*] Mr. McGowan says that you seem to have confused moneys received with moneys paid into the Public Account—that is, in his reply to you?—Yes, that is so.

19. The words used in section 3 are "moneys received into Public Account at the bank at Wellington"—That is so.

20. *Mr. Guinness.*] Dr. Fitchett says, "In my opinion, the statement of accounts required by section 19 should include all moneys received up to the close of the year, whether they have been actually paid into the Public Account or not": do you agree with that?—No, certainly not.

*Mr. Guinness:* I will move the following motion: "The Committee is of opinion that legislation should be passed amending the Public Revenues Act in the direction of providing that all receipts and expenditure on the day when the account is made up to should be accounted for, whether paid into the bank or not."

*Mr. Heywood:* If the Committee will allow me to interpose for a moment, I would warn it that if that were carried out immense delay would be caused. The geographical configuration of our Islands necessitates a very considerable amount of time being taken in the transit of the accounts.

*Mr. Guinness:* Could you not have them telegraphed from every point?

*Mr. Heywood:* We do telegraph the amount, but we cannot telegraph the particulars. That would probably take thousands of words, and the time which would elapse in closing the accounts would be very much greater than is the case at present. And really the object gained would be, I should say, comparatively small, because we do now, as a matter of fact, have the whole of the revenue which has reached the hands of the Receivers embodied in the Public Accounts at the close of the year—every penny.

*Mr. J. Allen:* Is the case the same with the expenditure?

*Mr. Heywood:* The expenditure is not so close as that, but it is very close up indeed.

*Mr. J. Allen:* I can understand that the accounts outside of New Zealand would take some time, but the accounts in the colony would not take more than a week in any part, would they?

*Mr. Heywood:* Oh, yes.

*Mr. J. Allen:* From the particular points in the Island where expenditure is taking place, the remitting of accounts of this in detail to headquarters would not take more than a week or a fortnight?

*Mr. Heywood:* It would take a fortnight.

*Mr. J. Allen:* That is no great delay, is it?

*Mr. Heywood:* The delay is in the expenditure accounts. With regard to the revenue, every penny is in the account.

*Mr. J. Allen:* It is the expenditure that I refer to.

*Mr. Heywood:* The expenditure has to be authorised. The accounts have to come, first, from the imprestees, and the expenditure has to be authorised; and, as you may imagine, in dealing with two or three millions of money by imprestees—a couple of millions, at any rate—there are a very large number of vouchers which are irregular. These have to be sent back again to the imprestees.

*Mr. Guinness:* But within the last month or two there could not be anything like two millions. You are keeping the accounts going month by month all the time. It is only the last month or two that they might be in arrear.

*Mr. Heywood:* Towards the close of the year. I cannot remember exactly, but I know that at various times the imprest accounts are over two millions, and there is no reason why they should not be towards the close of the year, when imprestees are anxious to pay up.

*Mr. Warburton:* I would like to say that the accounts in the Post Office amount to millions of money, and they come from the extreme parts of New Zealand, but every item of expenditure and receipts is accounted for.

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