

MINUTES OF EVIDENCE.

TUESDAY, 26TH SEPTEMBER, 1905.

J. K. WARBURTON, Controller and Auditor-General, examined. (No. 1.)

1. *The Right Hon. R. J. Seddon.*] You have the Paper B.-22 before you?—Yes.

2. You are acquainted with the law on the subject in regard to the Aid to Public Works and Land Settlement Act, and the Public Revenues Act?—Yes.

3. Will you give the Committee your evidence supporting your contention with regard to the interest on debentures?—The debentures in the form given on Paper B.-22, page 6, for that and other denominations not exceeding £100, raised by loan, have been issued without coupons, and the interest on these debentures is paid without vouchers. The opinions of the Solicitor-General and the Attorney-General being that the paying officer's certificate afforded reasonable evidence, and that there was no objection in law, the Audit Office, although not agreeing with these opinions, proposed, with the approval of the Colonial Treasurer, to pass the payment subject to a report of the matter to Parliament. This is the report—B.-22. The question appears to me to be simply whether payments of public money can be lawfully made without a voucher. Section 54 of the Public Revenues Act requires a properly receipted voucher to be obtained where no special Act provides otherwise. It reads thus: "All vouchers for the payment of which money is issued shall be returned to the Audit Office by the Paymaster-General, duly receipted by, or by the written authority of, the person entitled to receive such money; and the Audit Office shall surcharge every sum for which such properly receipted voucher is wanting against the officer whose duty it was to obtain such receipt." "The Aid to Public Works and Land Settlement Act, 1903," provides for the raising of money by the issue of debentures with or without coupons. Here the special Act—the Loan Act—provides that the voucher may be a coupon, but it does not provide what the voucher shall be when there is no coupon. There must be a voucher either in the form of a coupon or, where there is no coupon, in other statutory form. There is, however, no other statutory provision than that of the Public Revenues Act, and this section 54 of the Public Revenues Act requires the duly receipted voucher.

4. Yes; but look at section 54—"All vouchers for the payment of which money is issued shall be returned to the Audit Office by the Paymaster-General," &c. There is nothing there about a voucher—if there are vouchers?—The section proceeds, "and the Audit Office shall surcharge every sum for which such properly receipted voucher is wanting against the officer whose duty it was to obtain such receipt." Before I submitted this paper to Parliament, I declined to pass the payment of interest without a coupon or other receipted voucher. The coupon which was authorised by the special Act to be issued as the voucher with the debenture was not issued with the debenture. We therefore had recourse to the Public Revenues Act, which provides under section 54 that "All vouchers for the payment of which money is issued shall be returned to the Audit Office by the Paymaster-General, *duly receipted by*, or by the written authority of, the person entitled to receive such money." The Audit Office decision is that there must be a voucher for the payment of interest—"and the Audit Office shall surcharge every sum for which such properly receipted voucher is wanting against the officer whose duty it was to obtain such receipt."

5. This section, I take it, simply means that, when a voucher is given, it shall be according to the conditions laid down?—"All vouchers for the payment of which money is issued." Now, money is—must be—issued for the payment of interest, and the Audit Office is required to "surcharge every sum for which such properly receipted voucher is wanting against the officer whose duty it was to obtain such receipt."

6. I should take it that that refers to one of the ordinary vouchers, not to coupons attached to debentures. Surely section 54 does not apply to what you say it does?—I am acting strictly according to law. You must either take a receipt in the form of a coupon presented, or a properly receipted voucher in the form prescribed by the Public Revenues Act, otherwise you have nothing to depend upon but the certificate of the accountant himself that he did pay the money. You want something to check the accountant by other than his own statement. A coupon is such a voucher—it is a pay-order for the interest—it is such a voucher as a banker holds as good in a depositor's cheque against his account. The certificate of the pay officer is not the voucher; it is not duly receipted by the person receiving the money, nor is it a coupon entitling the bearer to payment. "The New Zealand Consols Act, 1894," has a special provision in section 27 that the indorsement of the payment of interest shall be a valid acquittance—" (1.) Interest on Consols for which a certificate is issued is payable to the bearer of the certificate, and payment thereof shall be indorsed on the certificate by or on behalf of the Postmaster or Registrar, as the case may be, who makes the payment. (2.) Such indorsement is conclusive evidence of payment. (3.) If any question arises as to the fact of any such payment having been made, the certificate must be produced, and, failing production thereof, the records of the Registrar are conclusive on the point." There is the authority in the Consols Act to make the indorsement a conclusive evidence of payment of the money. But there is this difficulty with regard to the Consols Act: that the accountant has no receipted voucher to send in. It seems to me there should be such a voucher for the payment of interest on the Consols' bearer's certificates. There is no such provision in