Mr. FitzGerald.

29th Aug., 1877.

215. That I understand. What I go upon is this—here is a statement saying—these are payments for the Province of Auckland provincial liabilities. Now my opinion with regard to that is, that it is a misstatement. What I want to know is, when statements like these are made, how are they to be dealt with?—That is the view Dr. Knight took when he added the word "unauthorized" to the charge to provincial liabilities in the schedule.

216. But this is not provincial liability?—Just so. We say it is "unauthorized provincial liability."

217. You say this is unauthorized provincial liability, but not unauthorized. I think that is the plain meaning of the words; it is provincial liability, but not authorized?—The meaning the auditors attach to it is, that when a voucher is sent to them in which expenditure was charged as "unauthorized," we have no power over it. When the Government makes a return to Parliament of the unauthorized account for the year, it is distributed into two classes—the expenditure votes, and the expenditure on which no vote was taken. For example, Parliament authorized so much for certain provincial liabilities. This payment appears as a payment on account of provincial liabilities, Auckland, outside of the services provided for by Parliament. "Provincial liability" is simply the name given to the account when Parliament is asked to indemnify Government for the expenditure.

218. What I want to know, and it is really an important question in public accounts. Here there is a charge made against a province with which it has got nothing to do. If, therefore, this is treated as a provincial account, it slips into the wrong place?—The Parliament can alter that when the matter comes before it. It can order the charge to be made as it pleases.

219. *Hon. Major Atkinson.*] The whole of these accounts go to the Parliament every session, and Parliament itself will decide whether it is rightly charged or not. It is there shewn the way the money has been spent, and the manner in which it should be charged, and it remains with the Government to express its approval of or dissent from the manner in which it is proposed to deal with the question.

220. *Mr. Murray-Aynsley.*] I want to know, Mr. FitzGerald, whether you have considered any particular items here, or only totals to be included in unauthorized expenditure, "above previous years income," exclusive of allowance from General Government?—We only consider each item as it comes before us.

221 What I mean is, whether you considered any of these items in particular, outside of the amount, or whether the amount had been expended previous to the items coming on. Supposing, for instance, there were £50,000 last year, and the revenue expended amounted to £49,000, then if £6,000 came in, how would the £5,000 above the original sum be accounted for?—I understand your question to mean, whether the objection we took was to the whole of the totals indiscriminately, or to one particular item?

222. *Mr. Murray-Aynsley.*] Yes—I am not prepared to say how all the items have been dealt with.

223. Have objections been made to any of the other items?—I cannot say whether any specific objections have been taken to any of the other items.

224. *Mr. Reader Wood.*] Mr. FitzGerald, there are items here for paying contracts; you could not say whether you regard these items as authorized or unauthorized?—I could not say without looking at the papers.

225. Would you mind letting the Committee know?—I will do so. I will furnish particulars of these items shortly.

226. *Sir George Grey.*] Would you also furnish any minutes of the auditors with respect to these matters.

227. *Hon. Major Atkinson.*] I should think it would be desirable if Mr. FitzGerald would furnish a complete schedule of every sum paid in Auckland and charged as unauthorised—such as the Education item not charged in the Auckland Appropriation Act. Although the Government supplied £——— for that purpose, I understand the audit have decided to charge the whole of that sum of £——— as "unauthorized?" We do not keep items of expenditure in the audit office, only votes; but they can be got from the Treasury.

TUESDAY, 4TH SEPTEMBER, 1877.

Mr. FITZGERALD, Commissioner of Audit, further examined.

Mr. FitzGerald.

4th Sept., 1877.

228. *Mr. Johnston.*] The Comptroller will remember he said he would explain to the Committee how he dealt with this Provincial liability. He promised to show under what authority he considered himself at liberty to pay the Thames overdraft, and also to bring before us the voucher for the payment. I would ask the Comptroller if he has those papers?—I have brought the voucher. The only paper we have is this voucher for the payment. This is the voucher (Appendix A). The direction of the Provincial Auditor is not on the paper. That is contained in the telegram attached. The voucher was probably brought to us without any certificate of the Provincial Auditor. I think, therefore, that we declined to pass it, upon which, Mr. Batkin appears to have telegraphed to the Provincial Auditor. (Telegram read, Appendix A, No. 1). This is the Bank receipt for having received the money. (Telegram from the Provincial Auditor read, Appendix A, No. 2).

229. There are three papers you refer to, and which will appear in the evidence?—Yes.

230. You said that you refused to pass that account?—Yes. We did not pass it as "Provincial Liabilities," but as "Provincial Liabilities Unauthorized," leaving it open to Parliament to deal with the matter.

231. Could you explain why? Will you tell the Committee why Provincial liabilities which had been certified by the Provincial Secretay, approved by the Provincial Government, and certified by the Provincial Auditor were called "Unauthorized Provincial Liabilities"?—I understand the question to be—why we did not pass this account as a Provincial liability? I cannot recollect exactly the reasons, but I remember there was a great deal of talk upon the question at the time. I find that the ultimate order