

Commissioner of
Audit.

4th Sept., 1877.

had previously of spending that amount. I remember I said "let the question rest for the present." There was nothing after that said about it until the question arose, whether we should want the whole of the £100,000 of unauthorized. Now, it so happens, that the unauthorized expenditure of last year was so exceedingly small that only, I think, about £9000 or £10,000 out of the £100,000 had been expended in the first eleven months of the year. I was in hopes that we might have included the whole of the provincial liabilities unauthorised expenditure in the ordinary unauthorized account. I came to the conclusion it was better to let it stand over until the end of the year to see if any embarrassment would arise.

271. In the adjustment of the account at the end of the year, if the unauthorized provincial appropriations had been added to the unauthorized amount, would it have been exceeded?—The unauthorized in the general accounts was not very large, but £53,000 was included in provincial unauthorised. The understanding was, that it should be allowed to stand over until the end of the year, to see if the £100,000 would be exceeded: that is to say, if it were finally determined that the unauthorized provincial liabilities were "unauthorized expenditure" within the meaning of the Revenues Act passed many years before. A few days before the end of the financial year, I arranged with the Colonial Treasurer that if we joined the provincial liabilities to the unauthorized we must allow the £100,000 to be overdrawn.

272. *Mr. Rees.*] Is the Committee to understand that there was an understanding between the Treasurer and the Commissioner of Audit, that the statute should be exceeded, by which the limits of the statute with reference to the unauthorized expenditure were to be exceeded?—*The Colonial Treasurer*—No; not as I understand it at all. The proposed overcharge was being expended within the law. The question was as to whether or not the matter should be brought before the House, not as to exceeding the law. *Mr. Fitz Gerald.*—The question was not whether £100,000 should be exceeded, but whether this particular sum was required by law to be charged against the £100,000 of unauthorized.

273. *Mr. Reader Wood.*] Would you state what you mean by 'against the unauthorized'?—I think it is also stated in the printed report we made to the Parliament. The House directed us to make a report upon the subject of the unauthorized expenditure, which report I made. It was printed. (B. 6—1877). *The Colonial Treasurer*—I do not think the vote was exceeded. I do not think it amounted to more than £87,000

274. *Mr. Reader Wood.*] I understand Mr. FitzGerald to say it had been exceeded a little!—*Mr. FitzGerald.* I do not say it was exceeded, but that there was a possibility that it might be exceeded.

275. Then upon an inspection of this paper, Mr. FitzGerald, is the £100,000 exceeded a little or not?—No, I find it was not. It was apprehended that it might be, but it appears that it was not. The unauthorized expenditure this year was exceptional: £25,000 in the Consolidated Fund; £2,600 in Public Works, and £3,400 in Land Fund. I may explain to the Committee that we cannot tell exactly how the unauthorized account will finally stand until the end of the year. For example, a vote may be overdrawn. The amount by which it is exceeded is carried to the unauthorized account. But a credit may come to the vote subsequently by which the overdraft may be extinguished, and the unauthorized relieved to that extent. Thus, whilst the unauthorized never exceeds £100,000, it may turn out, when the whole accounts are correctly adjusted, to be considerably less.

I should also wish to submit to the Committee, that as to the question whether the unauthorized provincial liabilities ought to be charged against the £100,000 of unauthorised, it might fairly be argued that the latter sum should be increased by the amounts authorized by the 12th section of the Provincial Audit Act, 1866. The £100,000 was provided without any idea that it would have to bear the excess of expenditure of all the provincial services. The latter was provided for to the extent of one twentieth part of the ordinary revenues of each province. And it might reasonably be argued that the £100,000 should, if loaded with unexpected claims, take credit for the means otherwise provided by law to meet those claims.

The Hon. the COLONIAL TREASURER examined.

Hon. Colonial
Treasurer.

4th Sept., 1877.

276. *Mr. Johnston.*] I should like to ask the Colonial Treasurer a question. Was the telegram to the Provincial Auditor of Auckland, stating that the Commissioner of Audit would sanction the payment of this overdraft as a provincial liability, sent by the Secretary to the Treasury? Is it the custom for the Secretary to communicate direct in that way with a subordinate officer of the Audit Department?—Yes, to the first part of the question. As to the second part, I presume the Secretary to the Treasury sent the telegram in order to expedite business, and with the view of carrying out the agreement which I supposed I had come to with the Commissioners of Audit, and which I consider Dr. Knight upset by the action he took with respect to the schedule containing the payments of the overdrafts of the Thames.

Mr. READER WOOD, M.H.R., re-examined.

Mr. Reader Wood.

4th Sept., 1877.

277. *Sir George Grey.*] I would ask what induced you to certify the various sums which are in the schedule before us as provincial liabilities, and which includes the overdraft of the Thames as well as other sums?—I have already stated, and it is in my evidence, that it was upon the statement of Mr. Whitaker that these things had been promised as regards the Thames overdraft, and upon the statement of Mr. Whitaker in regard to the Piako Swamp, that the money was really due. I would read the word "provincial liability" in its technical sense, and not in its ordinary sense, as distinguished by the Financial Arrangements Act, clauses 16, 17, 18, and 19.

278. *Mr. Rees.*] May I ask, did you understand from Mr. Whitaker, when this schedule was brought before you to sign, that they were such provincial liabilities?—I understood from him, that it was desirable that they should be included in that schedule.

279. As such liabilities?—Yes; as such liabilities.

280. *Hon. Major Atkinson.*] As a means of paying them?—I say, as the most convenient means of paying them.