

to the Audit Office and passed (1) as correct in form and computation; (2) as duly authorized by the Ministers; (3) as charged to the proper vote. They must then be sent on to the Treasury for payment. Secondly: The vouchers so audited must be put into requisition by the Treasurer and returned to the Audit in support of the requisition, in compliance with which the Controller issues the order, countersigned by the Treasurer, to the bank "to *pay* out of the Public Account the cheques of the Paymaster-General at the several places and to the several amounts" named in such order. (See Schedule 5, Act of 1878.) It was thought that by this provision the necessity for a separate transfer at the bank, such as is made in England, from the account of the Exchequer to that of the Paymaster-General, might be avoided; and that the Paymaster-General might operate, within prescribed limits, on the Public Account directly. It has, however, been found necessary in practice to establish a drawing account at the bank, to which the amount of such "order" is transferred, and which is called "the Disbursement Account." So that the practice in New Zealand is practically the same as in England. The "issue" is made by the Controller, when the money is transferred at the bank, from the General Public Account to the branch of it called the Disbursement Account; and the cheques drawn by the Paymaster-General on the Public Account are paid out of the disbursement branch, and exhaust the whole transfer made by each "order." The same process is observed in the issue of public moneys in England belonging to the New Zealand Government, with one exception. In the case of ordinary expenditure the moneys are transferred from the New Zealand Public Account to the Foreign Imprest Account, which is operated on by the Agent-General, by cheques countersigned by the Audit officers in London. (See sections 59, 60, and Schedule 9 of the Act of 1878.) In this case the issue takes place on the transfer of the money to the Foreign Imprest Account; the payment when the Agent-General operates on the latter. In the case, however, of the charges of the public debt, the Act makes a somewhat different provision. The order on the bank is one for both *issue* and *payment*. The whole amount of the periodical charge due is handed over to the Crown Agents, or other Agents appointed to pay the interest on the loans, and is considered, so far as the Treasury is concerned, to be finally *paid*. I may observe that this is analogous to the course pursued in England; where the total sums payable as interest on the public debt are handed over to the Bank of England, which undertakes the payment of the dividends, and accounts for those unpaid to the Treasury, as I am informed, not more often than once in ten years. I have thus shown that the issue and payment of public moneys under the revenue law in force are two different things, carried on by two different and distinct operations: the one is the act of the Controller and Auditor-General; the other is the act of the Paymaster-General in the colony and of the Agent-General in England—all being done under the direction of the Colonial Treasurer. That money has not been *paid* within the meaning of the Act, when issued to an imprestee, is sufficiently shown by the 76th section of the Act of 1878, by which "an imprestee into whose hands any public moneys come shall be deemed to owe to Her Majesty all such moneys for which he does not receive a certificate of discharge from the Audit Office." The words "public moneys" being defined in the Act to mean "all moneys belonging to the Crown or the Government of New Zealand," and the word "imprestee" to mean "any person in whose hands any money is placed *for expenditure in the public service*," it is not easy to see how it can be argued that moneys which are still the property of the Crown can be said to have been paid away. They have been issued for payment, but not paid. Further it will be observed that, in the Governor's warrant, upon which, as a preliminary step, all dealings with the public moneys are based, a clear distinction is drawn between "issues" and "payments." The money is first authorized to be "issued out of the Public Account." If such words would include payments, no more would be necessary; but the warrant goes on to authorize the Treasurer to "cause the same"—that is, the same money already issued—"to be paid to such persons as may become entitled thereto under the authority of any Act or Acts of the General Assembly appropriating the said moneys." Now, the 9th section of "The Revenues Act, 1882," is the only authority for dealing with public moneys after the 31st March. By virtue of that section the Appropriation Act expires on that day, and any unexpended balances of votes cease to be payable. The second paragraph of the same section becomes the sole authority for the dealing with public moneys after the 31st March other than the permanent charges; but this appropriation also, for the reasons given above, expires on the 31st May, when it is provided that "the Treasurer may issue and pay moneys during two months, but no longer." Whether, therefore, such words be taken in their ordinary and obvious meaning, or be interpreted as technical terms in the sense in which they are used in the ancient system from which our law has been derived, or as defined by a strict construction of the Act in which those words occur, I am unable to avoid the conclusion that all payments by the Treasury made after the 31st May, as well as all issues by the Controller, are distinctly forbidden by the law. I further desire to point out that the object and scope of my memorandum to the Treasurer appears to have been misunderstood. It is stated that the memorandum does not assert that any illegal act was done. No such act had been done when that paper was written on the 31st May. My object was to point out to the Government, on returning the requisition signed, that the *issue* of the money was an evasion of the law, because, whilst it was technically within the law, it was intended to make use of it for purposes forbidden by law; and I rightly addressed that memorandum to the Treasurer, and not to Parliament, which was not at the time in session. Had I been called on to report the matter to Parliament, I should have been in a position to have said, and should have said, that, in my view of the law, it had by that time been broken to the extent of every payment made after the 31st May; and I should have reported that I had refused, as I did refuse, to pass any credit to the imprestee for any payments so made prior to the passing of the resolution required by the Act which covered such expenditure. It has also been said that I ought to have declined to issue the money, in which case the requisition could have been passed, under the 50th section, by Order in Council. Such would, perhaps, have been the better course, as that section relieves the Controller from all personal responsibility in the matter; but it seems to have escaped observation that the position would have