MINUTES OF EVIDENCE.

THE AUDIT OFFICE AND THE MINES DEPARTMENT.

TUESDAY, 6TH SEPTEMBER, 1898.—(Mr. GUINNESS, Chairman.)

Mr. J. K. WARBURTON, Controller and Auditor-General, examined.

1. *The Chairman.*] The Committee has passed a resolution that you be summoned to attend before it to give evidence relating to the action taken by the Receivers of Goldfields Revenue, under your instructions, in suing for rents in arrear by the lessees of special claims and licensed holdings under "The Mining Act, 1891"; also in relation to your action in surcharging several Receivers for not collecting such rents; also as to the differences of opinion that have arisen between yourself and the Wardens in matters of administration. The first question I would ask you is to state by whose instructions, or by what authority, you have directed the Receivers of Goldfields Revenue to sue the different lessees and licensees for arrears of rent. We are assuming that you have given those instructions?—I have given them indirectly. I have referred the Receivers to the provisions of the Mining Act, which convey whatever instructions there may be. They seem to require the Receivers to neglect nothing necessary to the collection of the rents. I can give you a copy of the relative sections of the Act, together with the circular issued by the Audit Office; but I believe proceedings are authorised by the department.

2. What department?—By the Government: I understand so. These are a few copies of the sections of the Act relating to the matter: Section 135 of "The Mining Act, 1891," and section 352; also section 18 of "The Mining Act Amendment Act, 1892." [See Exhibit A.] And this is the circular of the Audit Office. [See Exhibit B.]

3. These are the three sections that you rely upon?—Yes.

4. You speak of the circular from the Audit Office?—Yes, of the 6th September, 1897, to Audit Inspectors. In it are indirect instructions. It refers to arrears of rents, &c., under the Mining Acts.

5. You refer to section 34 of the Act of 1895. [See Exhibit A.] You did not give that in the list. That is another section you rely upon?—Yes, I refer to that in the circular, as added by the Amendment Act of 1895.

6. Then, you refer to four sections?—Yes. Section 34 of the Act of 1895 has a general application.

7. Did you receive any report from your Inspectors with regard to the action of the Receivers with respect to the collection of those rents you refer to in that instruction circular?—This is a circular to the Audit Inspectors, and I can say generally that the Audit Inspectors have attended to it—that is to say, in their inspections of Receivers of Gold Revenue they have called the attention of the Receivers to the Act. These sections seem to require that proceedings shall be taken if the rents cannot be obtained otherwise.

8. Did you communicate with the Department of Mines on this question?—On the question of proceeedings?

9. As to taking proceedings, or as to the neglect of Receivers to take proceedings?—

10. *Right Hon. R. J. Seddon.*] Did you forward to the Mines Department a copy of this circular you sent out?—I do not think so. I do not recollect doing so.

11. *The Chairman.*] I understood you to say in your answer that it was through the department the actions or suits were being taken?—I understood so. I heard it in conversation in my own office.

12. Whom with?—I cannot recollect with whom, but I have the impression that that was said. I think it was in conversation with the Hon. Mr. Cadman. I cannot be sure, but I made the remark that it lay with the administration to take proceedings.

13. I understand you to say that, as nearly as you can recollect, a conversation took place between the Hon. Mr. Cadman, Minister of Mines, and yourself, and you understood that the department would give necessary instructions to sue?—I did not say that. I said I understood some one to say the department had done so. It might have been the Hon. Mr. Cadman.

14. Is that some one connected with the Mines Department, or with your office?—I will look up the papers, and perhaps find something in connection with it. I do not think I could have authorised proceedings, because my duty as Auditor is merely to surcharge. I have no actual authority to direct proceedings.

15. Suppose your Audit Inspectors informed you that they found, on inspection of the Receiver's books in the different goldfields districts, that rents were in arrear—and were in some instances in arrear for several years—and that the Receivers were not suing, would it be your duty to do anything then?—If I had come to the conclusion that they had neglected to collect the revenue I should surcharge them under section 32 of the Public Revenues Act, which is as follows: "It shall be the duty of the Audit Office to surcharge every Receiver or other accountant with any sum of money which he shall have wilfully or negligently failed to collect, or for which he shall have failed to account as provided by this Act." When I come to the conclusion that a Receiver has wilfully or negligently failed to collect, then it is my duty to surcharge him.

16. Have you in any instance since you have been Auditor-General had occasion to surcharge any Receiver of Goldfields Revenue under that section?—One Receiver—the Receiver at Paeroa, in the Thames—Mr. Moresby.