

memorandum to the Controller and Auditor-General, dated the 17th February last, No. 562, clearly explained the position of the department in respect to the question, and, as there was nothing in the further memorandum from the Auditor of the 20th February last, No. 46, to which I could reply, I held further correspondence on the subject in abeyance. As, however, the Auditor-General has again reopened the question in his memorandum of the 21st instant, No. 237, I hope, after perusal of the correspondence, you may be able to suggest a means of preserving me from further controversy with the Audit Department on the particular question at issue."

141. *Right Hon. R. J. Seddon.*] On the question of surcharge you have had a considerable amount of correspondence from the Receivers of Revenue, or from those connected with the Mines?—We have had no correspondence with the Audit about surcharge. He has surcharged, and the officer has appealed. With regard to the non-collection of license-fees, as far back as I can remember in the Mines Department it has been a question of administration. It has never been questioned before. Mr. Larnach will remember, and other gentlemen who have been connected with the office, that the revenue belongs to local bodies, and if the Receivers raise the question as to whether they should sue or not we ask the local bodies concerned to get resolutions passed to that effect; and if the local bodies said that under the circumstances they did not consider it desirable to take proceedings in certain cases we cancelled the licenses. There is no law for it. It has been an administrative action by all Governments for years past. The Audit Department also looked upon it as a matter of expediency. Now, the present Auditor-General holds it is not in accordance with the Act, and says he must have the rents. It has been done in all parts of the colony.

Hon. A. J. CADMAN, Minister of Mines, examined.

142. *Hon. the Chairman.*] Will you explain, Mr. Cadman, what you know of this difficulty?—If I have to go into details it will take some time. What Mr. Elliott said about the papers not coming to me is quite correct. Mr. Elliott saw me several times, and we had a consultation on the matter; but, from our knowing Mr. Stratford for many years, and knowing how he resents anything like interference with his administration, we naturally keep as clear as possible from it. When I mentioned in my letter to the Controller and Auditor-General that had the correspondence come to me in the first instance I thought I might have brought the matter to a different issue, what was in my mind was that I should have written to Mr. Stratford in a conciliatory way asking him to comply with the Auditor's request; but when I saw there was a "flare-up" between them I did my best to keep out of it. In Mr. Warburton's own letter to me he said he would have to report me to Parliament, and in my reply I said, after considering the matter in every direction, I would prefer that he would refer it to Parliament.

143. Is there anything further you wish to say?—I do not know that there is anything further on this matter. With respect to the collection of rents, the whole of these large sums have accrued within the last three years, since the mining boom. Prior to the boom there was not a large amount due for arrears. When the boom occurred land was pegged out in all directions, and in hundreds of cases a pick was never put in the ground, and afterwards the people abandoned their holdings and cleared out. The Receivers knew nothing of them, and in many cases they could not be found. Then things became lax, and the Auditor-General came on the scene and woke the Receivers up. Prior to the boom I do not think we had much to complain of with regard to the Receivers of the colony in the collection of rents. Another thing which Mr. Duthie thinks worthy of consideration is having another clerk to check the Receiver; but that would never do. At present, in many country places, the clerk is anything but overworked, and if there were another officer appointed he would have nothing to do. On the northern goldfields there are on an average eight or ten Receivers. If there is to be any different system of check we must see that it will not be as costly as the Auditor-General's proposal indicates. If the Auditor-General can show us any way of getting this check, all our officers will help him.

144. *Mr. Duthie.*] I should think, if the Warden certified on his visit—even if he cannot go to each place every month—that should be sufficient?—Without giving instructions, all the Wardens concurred in signing the abstracts except Mr. Warden Stratford. Of course, if anything went wrong they would be responsible.

FRIDAY, 16TH SEPTEMBER, 1898.—(Hon. W. J. M. LARNACH, Chairman.)

J. K. Warburton, Controller and Auditor-General, further examined.

1. *Right Hon. R. J. Seddon.*] You have written a memorandum [see Exhibit J] to the Chairman of this Committee dated the 13th September, from which I understand you are under the impression that the telegram I quoted from on the 13th instant from Mr. Moresby was a bogus telegram?—No, I do not say that at all.

2. Well, that the information conveyed by it is incorrect?—Yes.

3. I want to show you that the communication was official. Telegram to Moresby, Receiver Gold Revenue, Paeroa: "How much of £781 odd surcharged you arrears rent on claims is due in respect of Native lands? Reply at once, please.—H. J. H. ELLIOTT.—6/9/98." To that the Receiver replied, "Only £1 12s. out of the £781 odd surcharged me for arrears rents is in respect of Native lands.—T. A. MORESBY." On receipt of your letter of the 13th instant, in which you say your officers have verified the figures —?—No; that is less than a third of the total. If the rest of the account were examined you would find that you have to multiply that amount by three to get an estimate of what are arrears on Native lands. I went to Mr. Gavin about the matter.

4. On receipt of your letter of the 13th instant, the Under-Secretary for Mines telegraphed to Mr. Moresby: "Refer your telegram eighth, in which you state that of seven eighty-one pounds (£781) odd surcharged you only one pound twelve (£1 12s.) is in respect of arrears rent on Native