what sums are due to the Natives on account of purchases completed; full information on these points can only be obtained from the Chief Commissioner, Mr. M'Lean.

63. What is your view with regard to the claims of the Cape of Good Hope, New South Wales, the Home Government, for pensioners, immigration, &c.?—The New South Wales debt is paid. The claim of the Cape of Good Hope, about £2600, I consider a doubtful claim, and no application has been made on the subject since 1842. The claim of the Home Government for immigration, about £10,000, I do not think is one likely to be pressed on the Colony, though I think it is a good claim. With regard to the claim on account of the pensioner force, that portion which I consider chargeable to the Colony, namely, £6300, on account of passages of pensioners, has been liquidated; the remainder I do not think is a fair claim against the Colony. There is also the principal of Scott's Debentures, issued at Wellington, amounting to £3675.

64. Would you be good enough to give the Committee a general view of the capital account of the Bank of Issue?—I will prepare it for the Committee.

65. What do you conceive is the fair working balance necessary to be in hand for the requirements of the General Government?—About £6000.

[The Auditor-General then handed in a statement, marked A, explanatory of certain apparent discrepancies between the totals of amounts as shown in the financial statements of 1855, and the financial statements sent down by the Governor in Message No. 5 of the present session.]

WEDNESDAY, 4TH JUNE.

Examination of the Auditor-General resumed.

[The witness handed in to the Committee a copy of certain Instructions from the Lords Commissioners of Her Majesty's Treasury, on the subject of the Customs Accounts. For these Instructions see Appendix B.]

66. *By Mr. Fitzherbert.*—Will you be so good as to state to the Committee what has been done under the instructions just read?—Under the instructions of 1852, orders were received from England, the effect of which is, that subsequently to the 5th July, 1853, the Customs accounts are all finally audited by myself, and are not sent home to England.

67. In your opinion does the audit of the Customs accounts in the Colony require any final approval in England, subsequent to the date of July, 1853?—In my opinion it does not.

68. Has then the audit of Customs accounts by the Colonial authorities been complete?—Yes it has.

69. *By the Chairman.*—Then in your opinion has the Colonial Government the power now of practically regulating the Customs accounts?—The Committee seem to wish me to state whether in my opinion the Lords Commissioners of Her Majesty's Treasury have issued directions for the regulation of the Customs department in New Zealand and for the audit of the Customs accounts as required by the 63rd Section of the Constitution Act. It will be seen from the correspondence I have just read that the Lords of the Treasury transferred the management of the Customs Department in New Zealand to the Colonial Government a short time before the passing of the Act, and their Lordships have on two or three occasions, in the case of seizures since the passing of the Act, positively refused, in consequence of such transfer, to interfere in the management of the Customs Department. If the transfer were legal at the time it was made, and has been recognised as complete by the Lords of the Treasury subsequently to the passing of the Constitution Act, I am strongly of opinion that the Crown has constitutionally no power except by Act of Parliament to resume its delegated authority.

70. How were the Colonial Treasurer's accounts audited previous to the Constitution Act? I mean by audited, finally examined and allowed?—I will first state, there are two heads under which the final examination of the accounts is divided: first, as to the liability of accountants in the Colony; and secondly, the liability of the Governor. The Commissioners of Audit in England have always raised their queries under the above heads. Those referring to the liability of the accountants only were sent either to the Accountant or to myself; those relating to the liability of the Governor were sent to him. With respect to the first, it was understood generally, that if the Accountant adhered to the regulations and instructions furnished for his guidance, he was relieved from liability; and with respect to the Governor, he was held liable for all expenses in excess of the appropriations and other legal authority, incurred under his written directions and warrant. Practically, it worked in this way: that if the Governor's expenditure were in excess of the estimates, and he failed to obtain a supplementary vote for the excess, it would have been necessary to obtain some Parliamentary authority for such excess, or he would be surcharged with it. Then, with respect to the accountants in the Colony, I audited, under the instructions of the Lords of the Treasury, the whole of their accounts; but this audit was strictly a preliminary one. The final audit was made by the Commissioners of Audit in England.