

1856.

HOUSE OF REPRESENTATIVES.

REPORT OF THE SELECT COMMITTEE
ON THE
STATE OF THE PUBLIC FINANCES
OF THE COLONY.

EXTRACTS FROM THE VOTES AND PROCEEDINGS OF THE HOUSE OF
REPRESENTATIVES.

VOTES, No. 13, THURSDAY, MAY 8, 1856.

3. Finance Committee:—The Colonial Treasurer moved, That a Select Committee be appointed to consider the State and Management of the Public Finances of the Colony; the Committee to consist of Mr. Campbell, Mr. Stafford, Mr. Featherston, Mr. C. Brown, Captain Cargill, Mr. Sewell, Mr. Fitzherbert, and Mr. Macandrew; Report to be brought up this day fortnight.

Question put and passed.

VOTES, No. 16, TUESDAY, MAY 13, 1856.

5. Finance Committee:—Mr. Stafford moved, that the following names be added to the Finance Committee, viz.:—Mr. Hall, Mr. Elliott, Mr. Brodie.

Question put and passed.

VOTES, No. 31, WEDNESDAY, JUNE 4, 1856.

10. Finance Committee:—The Chairman brought up a Progress Report of this Committee, which, with the evidence taken before the Committee, was ordered to be printed.

PROGRESS REPORT.

THE SELECT COMMITTEE of the House of Representatives, appointed May 8th, 1856, to whom it was referred to consider and report upon the State and Management of the Public Finances, have agreed to the following Progress Report :—

Your Committee have considered the various matters before them, and have taken evidence thereon ; and they now beg leave to report to the House certain Resolutions which they have adopted in reference to the reconstruction of the public accounts, and also to report the evidence taken by them up to the present time.

F. D. BELL, *Chairman.*

*Committee Room, House of Representatives,
June 5, 1856.*

RESOLUTIONS OF THE COMMITTEE.

1. That, in the opinion of the Committee, while time is not afforded before the termination of its sittings for examination of the detailed statements of accounts published by the Auditor-General for the period from 1st January 1853, to 31st December, 1855, it is the duty of the Ministers to direct such examination to be made, in order that they may lay before the House next Session a General Statement, for the correctness whereof they may be held responsible.

2. That it is expedient, for the purpose of taking such account, as the only safe practical rule, to treat all revenues for the periods in question as revenues raised under Acts of the General Assembly, pursuant to the 62nd and 66th clauses of the Constitution Act.

3. That the Appropriation Act of the Legislative Council of 1852 shall be deemed an appropriation under an Act of the General Assembly for the period ending 30th September, 1853.

4. That the authority of an Appropriation Act, in respect of specific items, does not cover any expenditure in respect of such specific items beyond the expiration of the term to which the Appropriation Act extends.

5. That whenever any savings shall be made on any specific votes, the same ought to be treated as distributable Provincial surplus for the periods in which such savings shall have been made.

6. That the Constitution Act ought to be adhered to as regards all moneys paid for Native Land Purchases ; and that such sums are a first charge on the General Land Funds of the Colony, and are not Provincial. That nevertheless regard ought to be had to the following considerations in the application of the above rule.

(a.) That from Sir George Grey's circular minute of December, 1853, and in speeches and financial statements of the Officer Administering the Government, in the first and second Sessions of the

Assembly in 1854, it appears to have been the then intention of the Government to charge the purchase money of the Native lands to Provincial and not to General account ; and that the distribution of Land Revenues among the Provinces of the Middle Island, until after September, 1854, was particularly governed by that rule.

(b.) That the sudden and retrospective reversal of such rule has been and will be attended with great derangement and consequent embarrassment to the finances of those Provinces.

(c.) That, in the opinion of the Committee, such sums only ought to be charged in each financial period in account with the provinces in respect to Native Land purchases as may have been expended during such period in strict accordance with the Constitution Act ; and that it cannot recognise any expenditure under the above head, unless upon the written authority of the Governor.

7. That the principles laid down in the resolutions already passed, should be adopted in the reconstruction of the accounts for the whole period from 1st January, 1853, to 30th June, 1856.

8. That in reconstructing the accounts, the principle be adopted of treating all Land Deposits received in any financial period, as part of the territorial revenue for that period, without abatement.

9. That after the Auditor General's examination, an accountant should be employed with a view to preparing a trial balance previous to the termination of the session ; but that such preliminary preparation of accounts shall not be deemed to interfere with the resolution of the Committee, calling on the Government to have the accounts fairly prepared by next Session.

F. D. BELL, *Chairman*.

MINUTES OF EVIDENCE

TAKEN BEFORE THE FINANCE COMMITTEE.

EXAMINATION OF THE AUDITOR-GENERAL.

MONDAY, 26TH MAY.

Dr. Knight called in and examined.

1. *By the Chairman*.—In comparing the statements of account now published by you with those for same periods laid before the House last year, several discrepancies appear : will you explain them ? —If the Committee will furnish me with a copy of the discrepancies I will explain them. (The explanation was furnished accordingly. *Vide statement*.)

2. *By Mr. Stafford*.—There are other discrepancies between published statements under your signature at various times, with regard to the Province of Nelson. Can you explain them ?—For the first period, ending 30th September, 1853, I never had the original accounts, except for the March quarter, 1853. The first statement published in the *Government Gazette* was compiled from the Auditor's abstract book at Wellington, as stated in the *Gazette*. I subsequently found out considerable errors and omissions in the Wellington Audit book. After comparing it, and the accounts of the Collector of Customs, and of the Commissioner of Crown Lands at Nelson, I made out the statement of 1855, which was laid before the House, and which I believe to be mainly correct. I may say, that the discrepancies between the first published statements, and that which was furnished for the information of the House last year, appear fully explained in the books of my office.

3. I refer particularly to the discrepancies as to the accounts of the Registrar of Deeds?—The fees for the month of September, to which I understand reference is made, are included in the sum of £37 1s., and which sum was brought to charge as revenues received during the month of December, 1853, as will be seen by the voucher which is now produced. If the Committee desire it, I could furnish a complete explanation of the whole discrepancies between the published statements ; but I submit it would be a waste of time to do so, as the accounts originally published in the *Gazette* of October 24, 1853, were admitted to be incorrect, and were corrected by the statement laid before the House last year, as far as they could be.

4. Then the Committee understand that, in your opinion, the inaccuracy of the published statements referred to, is attributable to your using the books of the late Auditor-General, and not to your own examination?—Yes. (The Auditor-General subsequently informed the Committee, that the Nelson Treasury accounts for the six months ending 30th September, 1853, reached the Audit Office at Auckland on the 30th May, 1856). He also furnished the following extract from the explanations of the late acting Auditor-General of New Munster, dated May 15, 1856:—

“I would remark, that all the accounts of the Treasury of New Munster, and of the several sub-treasurers, had been entered in the Departmental Book of this Audit (Wellington), which was forwarded with the accounts in April, 1854, as I have before remarked; so that the Auditor-General could be at no loss whatever for reference to the accounts of New Munster, and therefore I felt easy on that score.

(Signed)

“H. ST. HILL.”

5. *By Mr. Fitzherbert.*—Between the period of the publication in October, 1853, and the publication in September, 1854, were other materials at hand than the books of the late Auditor-General for the compilation of these statements?—There were other materials, but they were not complete; I assumed the Auditor-General's books as correct; I afterwards ascertained that six months of the Nelson accounts were missing. I called for them, but have not received them. I came up from Wellington at the end of May, 1854, and I had no time, or assistance, to engage in a close examination of such voluminous accounts before the statements were published. It will be seen on reference to my memorandum, forwarded to the House, with his Excellency's Message No. 14 (*Vide Proceedings, Sess. 1, fol. 9 of Messages*), that, at the time the accounts of the nine months ending September 30, 1853, were received at Auckland, there was no regular clerk in the Audit Office, so that nearly the whole work of the Department devolved upon me. I was also engaged in preparing financial statements for the General Assembly, in frequent attendance on Committees at the House, and in performing other duties consequent on the introduction of the new Constitution. The Committee is to bear in mind that my duties included the direction and control of all financial matters of the Government, and the entire business of the Accountant-General of New Zealand. I had to control the receipts and disbursements of the Customs, to report on questions of Tariff, to examine every report of seizures of goods, to recommend whether the proceeds should be distributed or not. I had to remodel the Customs accounts, the Land Fund accounts, and those of the sub-treasurers, so as to bring them into uniformity, in order that they might at any time be brought into the Treasury accounts. I had to make myself acquainted with the regulations of the Customs and Post Office Departments, and to audit the Treasury, Customs, and Post Office accounts of six Provinces. I had to bring into the books of the Audit Office by double entry the transactions of the numerous accountants in New Zealand—in fact, to do over again, in almost every particular, the work which had taken not less than two or three dozen clerks in the Accountant's Office to do. And if to these be added the financial correspondence with the Superintendents of Provinces, I think it must be admitted that the day was not long enough for such multifarious duties.

6. *By Mr. Stafford.*—Did you apply for the clerical assistance required to examine those accounts? If so, was it afforded?—I asked for clerical assistance, but the difficulty was to get it. I had a clerk, and the assistance of a sergeant, who was a pay sergeant. I was promised the services of an accountant, but the gentleman who was to have been appointed accepted employment elsewhere, and I was left to train the gentlemen who afterwards were placed in the Audit Office to assist me.

7. *By Mr. Brodie.*—Had you no clerical assistance in September, 1854?—I had only one clerk at that time, but I applied for one or two extra clerks in the month of October following.

8. *By Mr. Stafford.*—In computing the amount due to the Company, in Provinces where there are considerable revenues from pasture licenses and assessment of stock, on what receipts is the Company credited?—The Company is only credited with its proportion on land sales and pasture licenses; not on assessment of stock, nor on timber licenses.

9. Then the apparent difference between the calculation of one-fourth of the whole land revenue, and the amount actually credited to the New Zealand Company, arises from leaving out those items?—It arises from leaving out those items not chargeable with the New Zealand Company's fourths.

10. *By the Colonial Treasurer.*—There is a statement published in the *Gazette* of the 1st of June, 1855, in which I have observed several inaccuracies. I addressed the Colonial Secretary on the subject. Who is responsible for those errors?—In your letter to the Colonial Secretary you incidentally referred to the subject. The Governor considers the examining clerk responsible for such errors. I made out the account myself, which was correct. The clerk who copied the statement from my draft made, I believe, every error which appears in the *Gazette* referred to, though of course I cannot clear myself entirely from the errors so published. I have no wish to throw off that responsibility. The head of a Department must be responsible.

11. *By Mr. Macandrew.*—In looking over the accounts published by the House last year, I observe, in the Otago Disbursements, “Fencible Force,” Cr. £731, and Dr. £1130. What is the explanation of that?—I am not answerable for that error. The accounts in last year's Blue Book were printed by order of the House. It is evidently an error of the printer.

12. *By the Chairman.*—Is the statement I now hand you a statement made out in your office?—Yes.

13. Will you turn to the Otago statement, where the items at the "Fencible Force" appear?—I perceive these items are erroneously put down to Otago in the temporary column in the statement produced.

14. *By Mr. Macandrew.*—Do the amounts, either Dr. or Cr., in the temporary column, affect the Province of Otago?—If there had been deposits in the temporary column, the Province would have been affected.

15. Then what is the object, in making up a Dr. and Cr. account, of putting in the temporary accounts at all?—The statement was furnished as explanatory of the accounts, which I thought would have been finally audited. I deemed it necessary to show every transaction which occurred, temporary or final, on account of the statement being accompanied by a balance sheet, which could not otherwise have been correct.

16. By the Appropriation Act of 1854, the sum of £80 was appropriated to the Otago Hospital for the ensuing year. Has the total amount paid been confined to that sum?—I will ascertain. (The Auditor-General subsequently informed the Committee that the sum of £120 had been paid to the Colonial Surgeon for the period included between the 1st July, 1854, and the 30th June, 1855. As soon as this expenditure came under his notice, he reported to the Government that it was irregular).

17. *By the Chairman.*—How do you account for the "Fencible Force" appearing at all in the Otago statement, which was prepared in your office?—It is a clerical error. It is not shown in the books of the office.

18. Was that account prepared by the clerk from the books of your office?—It was.

19. Would you have any objection to produce those books to the Committee?—I will do so. (The Auditor-General produced the books of his office, where it was shown that the items alluded to were entered among the transactions of the Colonial Treasurer at Auckland.)

20. *By Mr. Brodie.*—Do you consider yourself liable for the accuracy of published statements, after you have given them to the clerks in your office to make out fair, or do you consider the clerks responsible?—Generally the head of a department must be held responsible, and he should report to the Government if his clerks commit errors, in order that others may be substituted who will be more careful. In all public offices the rule is, that the examining clerk should initial the document he compares, that if errors are made in the examination it may be known whose fault it is.

21. *By Mr. Stafford.*—From what chest was the payment of £8000 to the Nelson Trust Fund made, which appears in the Financial statement of last year, for the period ending June, 1854?—It was a payment made by the Agent-General in England, whose accounts have been incorporated with the Treasury accounts. Unless this course had been adopted many of the transactions on account of the Colony would have been omitted. The Agent-General must be regarded as a sub-treasurer.

22. I observe that in the Appropriation Act of 1854 there is no provision for the service of the armed police force; nor was there an existing Appropriation Ordinance, authorizing expenditure on that service; but, in the statement for the period ending 30th June, 1854, there are sundry payments under that head. How do you account for this?—The payments in question are arrears of former periods, paid in the period ending 30th June, 1854; with the exception of £20 2s. 6d. in the Russell accounts.

23. I direct your attention to the same thing as regards two items of payment in the Harbour Department?—With respect to the nine months ending 30th June, 1854, the accounts were paid under the authority of the Governor, but there was no appropriation for them.

THURSDAY, 29TH MAY.

Examination of the Auditor-General resumed.

24. *By Mr. Sewell.*—Will you be so good as to give the Committee information as to the state of the public assets and liabilities. 1st.—As to liabilities of an immediate nature; what amount is due to the Union Bank?—There is about £13,000 due to the Union Bank of Australia.

25. About what amount is due to deposit accounts, intestate estates, &c.?—About £5000.

26. I suppose the account varies from day to day?—It does.

27. What is the amount due to the New Zealand Company, retained, and not remitted, at the present date?—I should estimate the amount at £26,000, including the one-fourth of £10,000 held in deposit at Nelson.

28. Would that money be payable immediately to the Company?—Not all immediately; I should estimate about one-half as immediately payable: the remainder would be on the deposit account. I consider the claim of the New Zealand Company does not finally arise until it is ascertained that the land is actually alienated. The Colony is liable for the whole amount; but the question is, how much would have to be paid immediately.

29. Are there any sums now available in diminution of the liabilities of the New Zealand Company's fourths, in case we are called on to remit at once what is due to the Company?—There is a sum of £1090

on account of the Parliamentary grant of the year ending 31st March, 1854, to the credit of the Colony; and there are the balances in the public chests, amounting, at the present time, on a fair estimate, to £22,500.

30. Where are those balances? Can you give us the balances in the several public chests in the Provinces?—Assuming the sales at Otago, of which I have no account, I think there would be about £3000 more to be added to the amount of £22,500. £25,500 would thus include all sums in the chests of the public accountants in the Provinces at the present date.

31. Do I understand the £25,500 includes all the sums in hand, without distinguishing the source from which they arise—whether ordinary or territorial revenue?—Yes, it includes the whole of the cash in hand.

32. Do you expect to receive remittances of that amount in aid of the liabilities?—I should think about £13,000 ought to be remitted to Auckland, unless the accountants have made remittances to England on account of the New Zealand Company's fourths. Directions were transmitted by the "Zingari" to send up the moneys remaining in the chests, after reserving such sums as may be required to meet current expenses and liabilities incurred up to the 30th instant.

33. Are there any payments to be made in the Provinces which would reduce that amount of £25,500; such as payments to Provincial Treasuries, current expenses, &c.?—There would be about £10,000 to set against the £25,500.

34. Then we might assume that the difference would be available towards the discharge of liabilities?—There would be £15,500 for the discharge of liabilities; but I think it would not be safe to estimate more than £13,000.

35. Have you included in your estimate of the sum payable to the New Zealand Company their fourths on the amount presumed to be in hand at Otago?—No, I have not; in that case the amount due to the Company would be about £28,500.

36. Have you included in these calculations the sums held in deposit?—I have included all sums, whether final or in deposit.

37. We have a statement furnished by you up to December, 1855, showing that in five Provinces there is a sum of £22,000 due from the Provinces to the General Government on overpayments, and £5000 due to one Province. Supposing the account to be carried down to the present time, have any, and what alterations, taken place in the state of that account?—The amount due to Auckland has been overpaid. The amount was £5000, and about £6000 has been paid on account of the distribution up to 31st December, 1855. At the present time the amount overpaid has been increased, and I think all the Provinces must have been overpaid.

38. Then in making up the accounts showing £5000 due to the Province of Auckland, you have not included the £6000 you now state to have been paid to that Province?—The account was made up to 31st December, 1855, and it is since then the payment of £6000 has been made to the Province on account of the distributable surplus for the period ending 31st December, 1855.

39. Am I right in understanding that the principle on which you have made up the Provincial accounts has been to take credit for the actual expenditure in each of the two first periods, ending respectively 30th September, 1853, and 30th June, 1854, and subsequently for the expenditure authorized by the Appropriation Act? The accounts of the Colony have been divided into four periods. For two of those periods, namely, nine months ending 30th September, 1853, and nine months ending 30th June, 1854, the revenue of the Colony are charged with the whole expenditure, without reference to the legal appropriation, though the accounts distinguish how much was spent according to appropriation, and how much for charges for which no appropriation was made. For the two subsequent periods, viz.—the year ending 30th June, 1855, and six months ending 31st December, 1855, the revenues have only been charged with those expenses for which there is a legal appropriation. Of course, in this statement, I am alluding to the statements laid on the table during the present session, and not to the accounts printed last year.

40. Have you taken credit in the period ending 30th June, 1855, for the whole amount of the Appropriation Act, being £36,000 odd, or only for the sums actually expended on the several services?—I have taken credit for the full amount of the Appropriation Act, without giving the revenue credit for any savings.

41. In round numbers, what may have been the amount of savings on appropriations for that period?—Nearly £6000.

42. Have you, in the accounts for the same period, set off against those savings the amount of excess of expenditure over votes on particular services, and if so, what was the amount of such excess?—I have not deducted the amount of excess of expenditure over votes, which amounted, in round numbers, to £2400.

43. In the account to 31st December, 1855, I observe that you take credit for the six months for £22,000, being the moiety of Appropriation Act, ending 30th June, 1856?—Yes, the moiety of the Appropriation Act.

44. So far as the accounts of the present year have hitherto gone, have there been savings on any of the votes?—I cannot say; because it is uncertain till after the expiration of the period; but I think there will be savings.

45. Do you estimate the savings on the present financial year will approximate to the savings on the last?—I think the savings will probably be about £2500, for the whole year.

46. Then averaging half for the six months ending 31st December, 1855, we might assume a probable saving in that period of £1250?—Yes.

47. Taking a general view of the Provincial accounts, and assuming them to be reconstructed on the principles affirmed by the Financial Committee of last year, namely, that all expenditure not authorised by law, and all savings on appropriations, should go to the credit of the Provinces; would not this be the result; that the Provinces would have credit for about £16,000, in the period ending 30th September, 1853; about £15,000 in the period ending 30th June, 1854; about £6000 in the period ending 30th June, 1855; and about £1250 in the period ending 31st December, 1855; making a total of about £38,000, to be credited to the Provinces on account of distributable surplus?—Yes, on the assumption stated in your question.

48. On the 31st December, 1855, you estimated £22,500 as due from certain Provinces; what do you estimate to be the present state of that account?—The amount of over payments may have been increased by about £4500, but I state this amount under the impression that there will be a falling off in the revenues of the year; and that, as there will be no corresponding diminution of the expenditure, it will be found, on making up the accounts, that the Provinces have been overpaid to that amount.

49. Then according to the new construction of account, if we were to state the amounts now, the Provinces would be creditor £38,000, and debtor £23,500, plus the additional payment you refer to? Yes; creditor say £38,000, and debtor say £23,500.

50. In some accounts we have had before us, there appears to be a sum of about £7000 claimed by Her Majesty's Government, for a transaction in 1853. Is that claim still standing against the Colony, and is the Colony now required to meet it?—The Colony has been required to refund the money, but it is not clear to the Government that the claim can be admitted to its full extent. In reference to the proceedings of the House of Representatives, in the 1st session, it will be found that the subject was brought under the consideration of the Finance Committee, and the result of their investigation was that so much of the debt as was due on account of the New Zealand Company's operations ought not to be charged against the Colony.

51. Have you any, and what reason to believe that the claim can be successfully resisted?—I should wish not to give a positive opinion on the subject, because it appears to be one which ought to be referred to the law advisers of the Crown; but if the Committee call upon me to state my view, then I do not see how the claim can be successfully resisted.

52. There appears a sum due on the balance of the Agent-General's account, stated by him at about £3200. Is that a claim now sustainable against the Colony?—There are certain items, amounting to about £900, in the account, which I could not, as Auditor-General, admit as good claims against the Colony, inasmuch as they were incurred without legal authority.

53. Are those items of such a nature as that, in your opinion, the Legislature ought to sanction them?—Subject to the question of the Bishop's salary, amounting to £400, I am of opinion that the items ought to be sanctioned by the Legislature.

54. Are there any assets of the Colony available in England in reduction of that total of £3200?—I estimate that a sum of about £800 would be paid into the hands of the Agent-General as dividends on the Bank of Issue investments, and would be in his hands about the 30th August next. I have already alluded to the sum of £1090 due on the Parliamentary grant of 1854, which might be taken as a part set-off against the claim.

55. Is the Parliamentary grant paid through the hands of the Agent-General?—No; through the Commissariat Department. The Commissariat Department in the Colony has orders to pay the whole of the Parliamentary grant into the Colonial chest; and I consider the best arrangement would be to remit the £1090, when received from the Commissariat, to the Agent-General in England.

56. Has any application been made to the Commissariat for the £1090?—I have recommended the Government to apply to the Commissariat for the amount, but I am unable to state whether the application has been made, or whether it has been successful. I have no doubt the Commissariat officer in charge would at once make payment of the amount into the Colonial chest, as it appears to me quite clear that that part of the Parliamentary grant has not yet been paid. By the instructions issued to the Commissariat Office by the Lords of the Treasury, I consider he is bound to make full payment of the grant (the grant being for special services), irrespective of any counter claim on the Colonial Government.

57. Is there any money due to the Natives for per centages on Wairarapa, or other purchases?—I have no information with me on the subject.

58. You are of course aware of the arrangement made by Sir George Grey for giving the Natives 5 per cent. on sales on certain districts in the south?—Yes; and from examination of the Native purchase deeds, I know, that in many instances engagements have been entered into of the nature referred to.

59. Can you give the Committee any approximate idea of the state of the per centage account?—I should estimate the amount due to the Natives at about £1000.

60. In the statement you have just made, we had brought to credit, as immediately available, all the balance in hand, and you had estimated £10,000 as the probable amount of current liabilities against those balances. Does that £10,000 include all you believe to be a current liability against such balances?—On consideration, I think if £1000 be added to the £10,000, it would include all liabilities on account of Provinces, and general expenses of Government outstanding at this date.

61. Does that include interest?—Yes; all interest due is included in this estimate of £11,000.

62. Are you aware what sums are due on account of Native purchases incomplete?—I estimate that about £4000 or £5000 would be required for the present financial year; but I am unable to state

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. McLean.

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.

71. *By Mr. Sewell.*—Have you any delegation from the Lords of the Treasury to perform the duties of a final audit?—The Lords of the Treasury issued provisional instructions for the guidance of the Audit Department in New Zealand, requiring the accounts to be examined according to certain regulations. This examination so far forms a part of the final audit, that I think the Commissioner of Audit could not pass the accounts in opposition to a positive exception, without first duly investigating my objections.

72. *By Mr. Fitzherbert.*—Will you produce those instructions?—I produce them. *See Appendix (C).*

73. *By Mr. Sewell.*—Prior to the passing of Lord Grey's Constitution of 1846 you held the same authority?—I did, for the time anterior to the division of the Colony. When the Colony was divided, I audited the accounts of New Ulster, and Mr. St. Hill audited the accounts of New Munster. Mr. St. Hill did not I believe receive the English audit queries direct. The Commissioners of Audit in England latterly adopted the practice of communicating direct with the Treasurer. I transmitted the account of New Ulster to the Commissioners in England, under the directions of the Governor, prior to the present Constitution Act. Since the Constitution Act came into force I have audited all the accounts myself.

74. Then under the existing instructions, have the Treasurer's accounts, as respects the liability of the Governor, to be finally audited here, or in case of the Governor not being surcharged for excess of expenditure, would such surcharge take place in England?—The Treasurer's accounts were sent home to England for final audit. It would not be my duty to recommend a surcharge against the Governor.

75. Up to what period have the Treasurer's accounts been sent home for final audit?—The whole of the accounts up to the 31st December, 1852. A portion of the accounts have been sent home for the period ending 31st December, 1853, by which the whole of the accounts for the preceding period ending 31st December, 1852, could be finally passed; and also because the accounts included expenditure on account of the Civil List, which, by the Constitution Act, can only be finally audited by the Commissioners of the Treasury.

76. Sir George Grey commenced his Government in 1845. Do you know whether he has received a final discharge for any portion of that time?—The Governor does not require a discharge; and the queries on the accounts, as respects the liability of the Governor, are sent direct to the Governor and not to me.

77. Do you know if there are any existing surcharges against Sir George Grey?—I do not know, but I have no reason to suppose any surcharges have been made against Sir George Grey.

78. Are there any open questions with respect to Sir George Grey's accounts?—Previous to his leaving, Sir George Grey referred to me several questions with regard to his expenditure, but these had reference principally to expenditure on account of the Parliamentary grant, of which no separate account was left in the Colony.

79. *By Mr. Fitzherbert.*—Could any statement be furnished now of the manner in which the Parliamentary grant has been expended from the beginning of the Colony?—Not from the beginning of the Colony. The Treasurer received sums on account of the Parliamentary grant, and entered them as receipts in aid of the General Revenue; whereby the grant came to be mixed up in the general accounts. Some part of the Parliamentary grant,—viz., the Governor's salary, for a short period, was paid direct to the Governor; consequently that item did not come into the Treasurer's books; but with respect to the remainder, it went through the Treasurer's accounts. I am not quite sure whether some part of the grant was not paid to the Agent-General.

80. *By the Chairman.*—Would it be possible to make a separate account of the manner in which the Parliamentary grant was expended?—No; all that could be done would be to take the votes, and then money spent in excess of the votes would come out of the grant.

81. What is the amount still outstanding, for which the Colonial Treasurer has not received a quietus?—That information can only be obtained from the Treasurer himself, who receives this quietus from time to time. The practice formerly was to withhold the quietus until the whole of the accounts for a period were closed, and the period sometimes extended over 15 or 16 years, as in the case of the Mauritius. But this practice, subsequent to a recommendation I made to the home authorities, was discontinued, and a quietus given for so much of the expenditure as from time to time had passed the final audit; thereby relieving sureties from liability, except on portions disputed by the Commissioners.

82. *By Mr. Featherston.*—Have the sub-treasurers in the south any authority to remit direct the Company's fourths?—Only at Wellington.

83. *By the Chairman.*—How does he do that; by paying the amount into the Commissariat chest?—Yes.

84. *By Mr. Featherston.*—Has the whole amount due by the Province of Wellington been remitted, and if so up to what date?—I think not, but will give the information to-morrow. (The Auditor General subsequently stated that £611 17s. 5d. was due on the 14th of May last.)

85. Does the Sub-Treasurer of Wellington, immediately on receiving the Company's fourths from the Crown Lands Commissioners, pay the amount into the Commissariat?—Not always; on one occasion a sum amounting to about £7000 was appropriated to the purchase of lands from Natives, and afterwards remitted from Auckland.

86. In your opinion, is the Government bound to remit the balance of one-fourth now due to the Company, in the event of the proposal for correcting the debts being accepted?—I think so decidedly. The law requires the whole of the New Zealand Company's fourths to be paid, unless the lands of the

Colony are released from the charge by a resolution of the New Zealand Company, certified under the common seal of the Company. So soon as the amount of land sales in the Colony is known in England, the New Zealand Company can compel the British Government to make full payment of their fourths. Such moneys may be regarded, therefore, as in the hands of the Company, and if they are in excess of the interest due, they will go in diminution of the principal itself.

EXAMINATION OF DONALD McLEAN, Esq.,
Chief Commissioner, Native Land Purchase Department.

By *Mr. Sewell*.—The Committee desire to obtain information from you as to the general state of your relations with the Natives with respect to land purchases. We divide them into three classes—namely—1st. Purchases completed, but on which instalments may remain due. 2nd. Purchases for which contracts are made, but not yet completed. 3rd. Purchases proposed to be made. With respect to the first class:—Can you state what sums are payable at the present time for instalments due on completed purchases?—On the first class, the amount due for instalments on purchases completed are approximately as follows:—

Province of Wellington	£5000
Province of Auckland	3500
Province of New Plymouth	nil.
Middle Island	600
	£9100

Of these amounts I estimate there is immediately due:—

Wellington	£2000
Auckland	1000
Middle Island	300
	£3300

The remainder would come into payment before the expiration of the financial year 1856—7. This is, however, exclusive of the 5 per cent. payable on sales in certain districts. With respect to the second class, I estimate the amount to complete purchases as follows:—

Wellington	£6000
Auckland	£15,000

There are no contracts of this class in other Provinces. No part of this amount is immediately payable, and it will only become so after the extent and boundaries are ascertained, and the reserves for Natives marked off. It would be very desirable to complete these surveys at the earliest possible date. If this were done, this amount might come in course of payment in the financial year 1856-7; but the amount payable in that period depends of course on the state of forwardness of the surveys. It would be very undesirable to leave these contracts in their present incomplete state if it could be avoided: and if the surveys were completed all the money would be required.

2. By *Mr. Brown*.—Can you give an approximate idea of the expense of the surveys necessary for determining the boundaries and reserves referred to?—I should say that my estimate of the preceding amounts in no case includes the cost of survey. I estimate that it might cost a sum of nearly £5000 to complete the surveys remaining to be made of lands under contract, with their boundaries and the Native reserves.

STATEMENT (A.)

EXPLANATORY OF CERTAIN DISCREPANCIES POINTED OUT BY THE COMMITTEE.

NINE MONTHS ENDING 30TH JUNE, 1854.

PROVINCES.	Proceeds of Sales and Fees on Crown Grants, &c.	Deposits on Unsurveyed Crown Lands.	Gross Total.	Refunds of Purchase Money and Deposits.	TOTAL.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Auckland	34,587 10 11	6412 10 0	41,000 0 11	323 15 6	40,676 5 5
New Plymouth	3930 5 0	—	3930 5 0	—	3,930 5 0
Wellington	25,760 4 6	*4692 0 0	20,452 4 6	2144 10 0	28,307 14 6
Nelson	16,823 11 9	46 0 0	16,869 11 9	—	16,869 11 9
Canterbury	3308 19 1	31,438 4 0	34,747 3 1	300 0 0	34,447 3 1
Otago	4316 5 9	—	4316 5 9	—	4,316 5 9

* This includes the sum of £187 10s. received during the prior period, but not treated as Revenue.

YEAR ENDING 30TH JUNE, 1855.

PROVINCES.	Proceeds of Sales and Fees on Crown Grants, &c.	Deposits on Unsurveyed Crown Lands.	Gross Total.	Refunds of Purchase Money and Deposits.	TOTAL.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Auckland	18,335 13 5	47,736 7 0	66,072 0 5	4810 12 3	61,261 8 2
New Plymouth	3043 10 0	—	3043 10 0	—	3043 10 0
Wellington	14,825 5 0	872 10 0	15,697 15 0	362 10 0	15,335 5 0
Nelson	19,152 3 9	36 0 0	19,188 3 9	—	19,188 3 9
Canterbury	9159 17 0	—	9159 17 0	438 4 0	8721 13 0
Otago	1910 10 7	—	1910 10 7	—	1910 10 7

SIX MONTHS ENDING 31ST DECEMBER, 1855.

PROVINCES.	Proceeds of Sales and Fees on Crown Grants, &c.	Deposits on Unsurveyed Crown Lands.	Gross Total.	Refunds of Purchase Money and Deposits.	TOTAL.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Auckland	10,907 4 11	3615 10 0	14,522 14 11	1023 1 0	13,499 13 11
New Plymouth	191 15 0	—	191 15 0	—	191 15 0
Wellington	5049 7 3	—	5049 7 3	1135 0 0	3914 7 3
Nelson	6038 6 4	—	6038 6 4	—	6038 6 4
Canterbury	9156 14 3	600 0 0	9756 14 3	190 0 0	9566 14 3
Otago	1102 18 1	—	1102 18 1	—	1102 18 1

(B.)

CUSTOM HOUSE, LONDON,
18th March, 1852.

SIR,

Her Majesty's Government having, in consequence of the changes which have recently taken place in the fiscal and political system of Her Majesty's Possessions abroad, determined upon transferring the Customs Establishments at the Colonies named below*, which have hitherto been under the control and superintendence of this Board, to the management of their respective Colonial Governments :

We herewith transmit for your information, copy of a Minute of the Lords of the Treasury, dated 25th June, 1850, as well as a copy of a despatch of Earl Grey to the respective Governors of those Colonies, dated the 8th August, 1850, explanatory of his Lordship's views in regard to the contemplated change. We also transmit a copy of a letter from the Lords of the Treasury, dated 19th March, 1851; and of a letter from Mr. Cornwell Lewis, dated the 3rd May, 1851, transmitting a copy of a despatch from Earl Grey to the Governors of those Colonies, dated the 19th of April, 1851, in further explanation of his Lordship's views.

From the last named despatch of Earl Grey, you will observe that the original intentions of Her Majesty's Government have been so far modified, that, instead of selecting officers for the present Customs establishments, for the express purpose of solely discharging the duties of Controllers of Customs and Navigation Laws, Her Majesty's Government have determined that the present Customs establishments shall be transferred, as they at present exist, to the control and management of their respective Colonial Governments, with the understanding that those officers shall discharge the duties which now devolve generally upon the Imperial Controllers of Customs and Navigation Laws in North America, and furnish, as heretofore, the accounts of Trade and Navigation, which are required by the Inspector General of Imports and Exports, and the Registrar General of Shipping in London, to enable them to prepare the accounts which are required to be laid before Parliament.

And in obedience to the directions of the Lords of the Treasury, and for the purpose of enabling you to discharge the several duties which Her Majesty's Government have imposed upon the officers of your port, for the protection of imperial interests, we have transmitted to their Lordships, for the purpose of being forwarded to the Governor of New Zealand, our deputations, constituting you, and the officers named in the annexed list, Controllers of Customs and Navigation Laws, as well as instructions (copy of which is herewith annexed), for your and their guidance, in discharging the duties of the said office. And we direct you, upon the receipt of this communication, to place yourself in communication with the Governor of New Zealand, with the view to the establishment of Customs, hitherto under our superintendence, being transferred to the management of the Colonial Government, from such period as may be determined upon by his Excellency; up to which period you will make up your accounts, and transmit them to this country for final examination and audit. And you will take the necessary steps for transferring to the Colony all goods which are at present deposited in bond for security of Colonial Customs' duties at your port; reporting your proceedings to us, as well as any matters which you may deem fit for our cognizance, arising out of the contemplated change.

In carrying out this important change, points of detail may no doubt arise, upon the system first coming into operation, which may not have been provided for by our instructions. In the event, however, of any such contingency arising, we rely upon your intelligence and experience, in order that no inconvenience may arise to the public service; and that you will in the mean time, and pending a reference to us for further directions, exercise your discretion in meeting any difficulties of the nature adverted to, by a reference to the manifest intentions of Her Majesty's Government, and the spirit of our general instructions.

(Signed)

{ T. FREMANTLE,
G. E. N. DAWSON,
J. GOULBURN.

The Collector of Customs at Auckland.

* Cape of Good Hope, Port Natal, Mauritius, Ceylon, New South Wales, Van Diemen's Land, Melbourne, New Zealand, Adelaide, Sierra Leone, Gambia, and St. Helena.

COPY OF TREASURY MINUTE, DATED 25TH JUNE, 1850.

My Lords refer to the arrangements respecting Customs establishments in the American and West Indian Colonies, directed by their Minutes of the 24th December, 1847, 29th July, 1849, and 29th January last; and to the provision made in those Colonies by substitution, in lieu of the establishment which had previously been employed under the management of the Board of Customs in the collection of both Imperial and Colonial duties, of such officers only as are required for ensuring due observance of the Imperial laws, relating to the navigation and trade, irrespective of any arrangements or appointments having reference to the collection of Colonial duties, or to enforcement of local laws and regulations; and my Lords being of opinion that it is advisable that analagous arrangements should be adopted, as regards the settlements in Australia and New Zealand, and likewise as regards other Colonies where the collection of Customs duties, is made under authority of local Legislative enactments, or special orders of Her Majesty in Council, to raise revenue for the service of the Colonial Government, or for other local objects, they direct that a letter be written to the Commissioners of Customs, adverting to the views above stated, and desiring the Commissioners will report to my Lords what portion of the business transacted by the present establishments, at the stations hereafter specified, it will be necessary to make provision for, with a view to the above mentioned Imperial objects, and what officers it will be necessary to retain for that purpose, in cases where it may not be expedient to employ officers belonging to the Colony—

In the several Australian Colonies,

New Zealand,
Ceylon,
Mauritius,
Cape of Good Hope,

Natal,
St. Helena,
Sierra Leone,
The Gambia,

Also desire the Commissioners will report the names of the officers constituting the actual establishments under their direction in the Colonies in question, with their several periods of service and rates of salary, showing what claims these officers, if at present reduced, might have to retired or redundant allowance from the funds of this country. Also desire the Commissioners will report whether the adoption of the arrangements above adverted to, will render it necessary or expedient that any alteration should be made in the Orders in Council, whereby trade is at present regulated and duties are levied at the Cape of Good Hope and Natal, or Sierra Leone, the Gambia, and St. Helena.

COPY OF EARL GREY'S DESPATCH.

DOWNING STREET,

8th August, 1850.

SIR,

1. I herewith transmit, for your information and guidance, the copy of a minute* of the Lords Commissioners of the Treasury, relative to the Customs establishment in the Colony under your government. From that Minute you will perceive that the Customs Establishments in

and in the other Colonies therein mentioned, are, with the exception of such officers as may be specially retained for Imperial objects, to be considered henceforth as Colonial establishments; and consequently, that, as vacancies may occur, the appointments will be liable to reduction or modification as may be found expedient with reference to the requirements of the local trade and revenue. In recommending any such changes you will, however, take especial care to avoid arrangements that would place officers prematurely on the Retired List.

2. It is necessary that I should explain to you the considerations which have led to the adoption of this arrangement.

3. Previously to the repeal, by authority of the Act of 9th and 10th Victoria, chapter 94, of the duties which had been levied on the Colonies under the Act 8th and 9th Victoria, chapter 93, for regulating the trade of the British Possessions abroad, establishments were maintained in almost all the Colonies, under the directions of the Board of Customs in this country, and holding appointments as officers under that Board. These establishments were also, in most cases, employed for the collection of Colonial duties, under Colonial laws; the expense of them was in general defrayed partly from the Colonial revenue, partly from that of this country, and the retirement or superannuation of the officers was provided entirely from the latter.

4. The repeal before adverted to, of the Possessions' Act duties, has been followed, in the North American and West Indian Colonies, by the removal of those Home Customs establishments, and the substitution for them of one or two officers only, with appointments from the Lords Commissioners of

* Minutes in Treasury Letter of 5th July, 1850.

the Treasury, to attend to the observance of the Navigation Laws, and other Imperial objects, and of establishments appointed by the Colonial Governments for the collection of Colonial duties and the regulation of trade under local laws. In Jamaica and Canada the Imperial officers have as yet been retained for these purposes, by, and at the charge of, the Colonial Government.

5. But these proceedings did not at first affect the Australian Settlements, or other Colonies to which the Possessions' Trade Act of 9th and 10th Victoria did not specifically apply, and where trade was carried on and duties were levied under either—

Special Legislative enactments, as in—

New South Wales,
Van Diemen's Land,
South Australia,
Western Australia,

New Zealand,
Ceylon,
Mauritius,
Malta.

Or, Orders of the Queen in Council, as in the Colonies of—

The Cape of Good Hope,
St. Helena,
Sierra Leone,

Gambia,
Gibraltar,

6. In all these Colonies, except Malta, Gibraltar, and Western Australia, there are Customs establishments appointed by the Lords Commissioners of the Treasury, on recommendations of the Board of Customs, and in communication with and receiving direct instructions from that Board, on subjects which would more properly be left to the Colonial Governments, more especially now that the levy of differential duties, as well as other restrictions on Colonial Trade, have been generally speaking relinquished.

7. As regards the Australian Colonies and New Zealand, an alteration in this state of things would doubtless soon naturally result from the constitutional changes now under the consideration of Parliament; but in the mean time, as propositions have already been brought before the Lords Commissioners of the Treasury, by the Customs Department, relating to the establishments in South Australia and New Zealand, it has been considered, on the whole, advisable that measures should at once be taken for putting the Customs establishments and arrangements throughout the Colonies on the footing of those in the West Indies and North America; and relinquishing further interference on the part of the Treasury or of the Board of Customs, in the nomination of officers, or in any other details relating to the administration of the local Customs Laws and Regulations.

8. These are the considerations which have led to the adoption of the arrangement in question, and it is one which has appeared to Her Majesty's Government both desirable in itself, and calculated to be acceptable to the Colonies affected by it.

9. The effect will be, to place the future appointment of officers to the Customs department precisely on the same footing as that of all other officers of the Colonial establishment, under the rules on that subject, laid down in the volume of Colonial Regulations, chapter 3, section 1. You will, therefore, fill up all vacancies; but, except in offices of the lowest of the three classes into which appointments are divided, you will only do so provisionally, and subject to the confirmation of the Secretary of State. Both in the principles on which you will select the candidates to be recommended, and also in the course of reporting immediately all appointments, you will strictly follow the rules laid down in the above cited chapter of the Colonial Regulations, which is so full and clear in its directions, and so explanatory of the grounds on which those directions rest, that I feel it unnecessary to add anything more upon the subject in this despatch.

I have the honor to be, Sir,

Your most obedient humble Servant

GREY.

TREASURY CHAMBERS,

19th March, 1851.

GENTLEMEN,

I am commanded by the Lords Commissioners of Her Majesty's Treasury to state to you, with further reference to the communication made to you by the Board's direction, on the 3rd July last,

respecting the establishments under your management in certain of the Colonies, in which import duties provided for by the Act, 8 and 9 Victoria, chapter 93, relating to the trade of the British Possessions abroad, had not been levied, and to which, consequently, the Act of the 9th and 10th Victoria, chapter 94, or the arrangements adopted in pursuance thereof, did not apply, that my Lords have had under consideration the representations in your Report of the 3rd August last; and I am to observe, that the circumstances to which you have adverted, of the duties of Customs in the Colonies in question being collected, not under enactments of the Imperial Parliament, but for the purposes of Colonial revenue under local laws, or special Orders of Her Majesty in Council, varying in their tenor according to peculiar considerations attaching to each Colony; and of the Customs establishment being, therefore, maintained almost entirely for Colonial objects, and the expense of salaries and management wholly defrayed from the Colonial revenues, have appeared to my Lords, and to the Secretary of State, to constitute cogent grounds for vesting the regulation and management of the Customs establishments in the local Governments and Legislatures.

I am further to state that, with this view, it is my Lords' intention that the control of these establishments, and all future appointments in them, should be transferred to the respective Colonial Governments, from such date after the receipt in each Colony of instructions to this effect, as may be arranged by the respective Governments and Legislatures; and that, thereupon, the deductions from the officers' salaries, on account of Superannuation Fund, under the provisions of the Act of 4 and 5 William IV, chap. 24, should be discontinued; with the understanding, however, that upon retirement or superannuation, hereafter, of the officers who have held appointments under you, and whose services are thus to be transferred, provided such retirement take place with the testimonials, and under the conditions required and enjoined by the said Act, such allowance as it may warrant in respect of services anterior to the date of transfer, and cessation of contribution, will be accorded by my Lords' Board, and will be payable from the Customs revenue, to which the Superannuation Fund deductions heretofore made from the salaries of the parties have been added, or in any other manner in which superannuation and retired allowances of your department in general may be defrayed. But, at the same time, I am to observe to you, that any grants of additional superannuation or retired allowance, in respect of services subsequent to the date of transfer of the establishments, will depend upon the Colonial Governments and Legislatures.*

I am further to acquaint you that, as my Lords conceive it most materially concerns the interests and accommodation of the local traders and shipowners in the Colonies, now in question, officers should be stationed in them, competent and duly empowered to perform duties similar to those devolving on the Controllers of Customs and Navigation Laws in the American and West Indian Colonies, as indicated in your Reports of 8th August, and 26th November, 1849, my Lords are of opinion that provision for this purpose may very appropriately be made in these Colonies, by conferring the requisite powers in that respect on the Colonial officers of Customs, requiring at the same time, as a condition, of the accommodation to be afforded to the colonists, that it shall be incumbent on those officers to furnish such returns or other documents relating to trade, as are required for the information of the Imperial Government and Parliament, as well as perform the other functions attaching to the appointment of Controllers of Customs and Navigation Laws.

My Lords, therefore, desire you will consider what appointments or other arrangements you may be prepared to recommend for these objects, and that you furnish my Lords, for transmission to the Colonial Governments, with such deputations and instructions for the principal or other Customs officers as may be requisite in each case.

I am directed to transmit for your information a copy of Lord Grey's Circular Despatch of the 8th August last, and to desire you will apprise your officers in the Colonies of the arrangements now sanctioned by my Lords for giving effect to the intentions notified in that despatch.

I am,

Gentlemen,

Your obedient servant,

G. CORNEWALL LEWIS.

The Commissioners Customs.

* This paragraph is not applicable to New Zealand, the Officers of Customs in that Colony not having been commissioned by the Board, or contributed to the Superannuation Fund.

TREASURY CHAMBERS,

3rd May, 1851.

GENTLEMEN,

I am commanded by the Lords Commissioners of Her Majesty's Treasury to transmit herewith a copy of the circular letter dated 19th ultimo, which Earl Grey has addressed to the respective Governors of Colonies relative to the transfer of the Customs Establishments to the local Governments of those Colonies, for your information, with reference to your Reports of the 3rd August, 1850, and 28th March 1851, on those subjects.

I am, &c., &c.,

G. CORNEWALL LEWIS.

The Commissioners of Customs.

COPY OF EARL GREY'S DESPATCH.

(Circular.)

DOWNING STREET,

19th April, 1851.

SIR,

With reference to my despatch of the 8th August last, on the subject of the Customs establishment in the Colony under your government, I have to acquaint you that I have since been in communication with the Lords Commissioners of the Treasury, with reference to certain arrangements which would become necessary, especially as regards the delegation to colonial officers, after the transfer of the existing Customs establishment to the Colonial Governments, of such powers and functions as, in the case of Colonies which had been subject to the Imperial duties imposed by the Act for regulating the trade of British Possessions, have been vested in the Controller of Customs and Navigation Laws; and likewise as regard the preparation and punctual transmission by those officers of returns relating to trade and navigation.

It is the intention of Her Majesty's Government that the control of these establishments, and all future appointments in them, should be transferred to the respective Colonial Governments, from such date after the receipt in each Colony of these and of corresponding instructions, which will be addressed by the Commissioners of Customs to their officers, as may be arranged by the respective Governments and Legislatures; and thereupon, the deductions from the officers' salaries on account of the Superannuation Fund, under the provision of the Act 4 and 5 William IV, cap. 24, will be discontinued, and any grants of superannuation or retired allowance in respect of services subsequent to the date of the transfer of the establishment will depend upon the Colonial Government and Legislatures; at the same time it will be your duty to avail yourself as much as possible of the continued services of the officers on the present establishment.

As it appears to be essential for the interests and accommodation of the local traders and ship owners in the Colonies to which the present arrangement is applicable, that officers should be stationed in them, competent and duly empowered to perform similar duties to those devolving on the Controller of Customs and Navigation Laws in the American and West Indian Colonies, Her Majesty's Government propose that provision for that purpose should be made by the Commissioners of Customs, by conferring the requisite powers in that respect on the Colonial officers of Customs, requiring, at the same time, as a condition of the accommodation so to be afforded to the colonists, that it shall be incumbent on those officers to furnish such returns or other documents relating to trade, as are required for the information of the Imperial Government and Parliament, as well as perform the other functions attaching to the appointment of Controller of Customs and Navigation Laws.

You will be further informed of the details of this arrangement, and such deputations and instructions will be transmitted to you, for the principal or other Customs officers, in as may be requisite.

I have the honor to be, Sir,

Your most obedient humble Servant.

GREY.

(C)

PROVISIONAL INSTRUCTIONS for the Guidance of the Board of Officers for examining accounts of the Receipt and Expenditure of the Colonial Funds at New Zealand.

1. You are to examine such accounts as the Governor may direct to be delivered to you in the manner pointed out in these instructions. You are to see that the accounts are laid before you by the several accountants within a reasonable time after the termination of each month, or at such period as may be fixed by the Governor, and to report any default thereof to the Governor.

2. You are to ascertain, with reference to the instructions given to the Governor, the Colonial Treasurer, (and storekeeper,) and to the orders and regulations that may be issued by the Governor from time to time, that the accountant is charged with the whole of the money or stores for which he is accountable; that the accounts are supported by sufficient authorities and vouchers, are correct as to computation, and are properly classed; that the prices quoted are fair and reasonable; that any balances in the hands of public officers other than the Treasurer are not excessive; that any person receiving money on account has been called on to render an account of the expenditure; and that there is no irregularity in the accounts calling for special notice.

3. You will address such queries as you may deem requisite to the several accountants, and refer to all public vouchers and documents which you may consider necessary, and report the result of your examination of each month's accounts to the Governor; taking his directions when a period of three months of any one account has been examined, for its transmission without further delay to the Lords Commissioners of the Treasury.

4. You will attach to each month's accounts a certificate to this effect; "We certify that we have examined this account, and find that the computations of the account and of the vouchers are correct; and that the said account is supported by proper authorities and vouchers, including powers of attorney where requisite, and that it is in other respects correct, and agreeable to the instructions, orders, and regulations now in force (with exceptions stated in our report dated and Queries No.).

(Signed)

{ " A. B.
C. D.
E. F."

"Date."

5. Whenever you have found occasion to put queries to the accountants, or to make a special report to the Governor on any account, you will cause certified copies of such queries, with the answers thereto, and the report to the Governor, to be forwarded, with the accounts to which they relate, to England.

6. In all cases of doubt or difficulty, you will apply to the Governor for further instructions.

Given under our hands at the Treasury Chambers, Whitehall, this 19th day of February, 1841.

(Signed)

{ J. PARKER.
E. HORSMAN.
H. TUFNELL.

ERRATUM IN STATEMENT (A), PAGE 11.

The amount of the Proceeds of Sales, &c., for the Province of Otago, should be £5316 5s. 9d., instead of £4316 5s. 9d. The apparent discrepancies pointed out arise from the accounts having been re-prepared, in accordance with the resolution of the House of Representatives, which required the whole of the Land Deposits received in each period to be treated as Revenue, and distributed among the several Provinces as Surplus Revenue.

CHARLES KNIGHT, *Auditor-General.*

