

79. *Sir F. D. Bell.*] The section of the Public Reserves Act, with respect to making a reserve fund, directs the Treasurer to call upon the spending department to give him a list of the liabilities of that department at the termination of the year. In your opinion, is the Treasury responsible for inquiring whether the liabilities with which the Treasury is so made acquainted are liabilities duly incurred and contracted for prior to the list being made out?—I think not. I think the Treasury is not responsible. It is justified in acting upon the requisition of a department. *Mr. Batkin.*
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3rd Aug., 1875.

80. In your opinion, then, does the responsibility for the existence of an actual liability, at the time of the list being so sent in, rest with the spending department or, under a proper interpretation of that section, with the Audit Department, since in your opinion it does not rest with the Treasury?—With the spending department I think. The Audit would have a responsibility when it became their duty to pass it.

81. Supposing then that the audit takes place at a very much later time than any action of the Treasurer upon the supposed balance available for him under the reserve so made, without previous responsibility on the part of the Treasury, might it not happen, under the Treasury interpretation of that section, that Parliament may be entirely misled as to the ways and means which are really available for the service of the year, if afterwards the Audit should strike money out of the reserve, on the ground that the liability had not been actually incurred at the time the list was made out?—Of course Parliament may be misled if the Under Secretary of any department sends in an erroneous statement of his liability.

82. But if the Treasury were to be made responsible for seeing, before the Colonial Treasurer made out his reserve account, that the spending department sent in a list of liabilities only, including those which had actually been incurred, then would not the risk of Parliament being misled be very greatly reduced, if not altogether done away with?—If such a thing could be done, I think the possibility of Parliament being misled would be diminished very much.

83. But has not the Treasury exactly the same means at its disposal for determining the question of date of the incurring of a liability prior to that Reserve Account being made out as the Audit subsequently has when it comes to pass the items that were included in the list?—So many different interpretations are placed on the meaning of the word liability that I think it very doubtful whether any agreement could be come to beforehand as to what was a liability and what was not. I think I heard it stated in this room yesterday that if an order were sent home to the Agent-General to send out twenty thousand immigrants, that would be incurring a liability, even though these immigrants did not arrive for two years.

84. I expressed that opinion myself in the Committee yesterday, and the member for Timaru did the same. Is it not, in your opinion, necessary that a doubtful interpretation of that kind should be avoided by so amending the section as definitely to fix the time within which the action of any spending department should be limited so far as regards its power to include any sum of money in the reserve list which it sends in to the Treasury?—The time is limited already by "The Public Revenues Act, 1870," which enables spending departments only to charge the expenditure made within the following year.

85. What I meant was that it should be determined whether the clause allowed a reserve account to be taken in respect of such a case as you mentioned, namely, an order for immigrants, where though no liability had been actually incurred by spending money on those immigrants, yet the Treasury held that the order would in itself be a liability within the meaning of that section?—It is not for the Treasury, but for the department concerned, to determine what are liabilities and what are not. It is also, subsequently, a question for the Commissioners of Audit to consider.

86. But you have already said that, such a point not being determined by the Treasury beforehand, Parliament might be misled. I wish to know whether you do not consider it necessary to obviate the difficulty? It may arise from such an interpretation afterwards being put upon the section?—I have said that the difficulty of determining the meaning of the word "liability" appears to me insuperable. I do not see how it is to be got over at all.

87. *Hon. Mr. Stafford.*] Had the unexpended balance of the immigration vote, the amount of which was stated to Sir Julius Vogel, been previously constituted a reserve fund in accordance with the provisions of "The Public Revenues Act, 1870"?—No; that is to say, the £240,000 had not.

88. Do you consider the payments on account of a contract entered into in any financial period under the authority of the appropriation for the services of that period, which made the contract lawful, but which payments have not been brought to charge before the expiry of that financial period, cannot legally be charged upon unexpended balances of such appropriation after the year specified in "The Public Revenues Act, 1870," has expired?—(This question was put to Mr. Batkin, Secretary to the Treasury, and Mr. FitzGerald, Comptroller.)

Mr. Batkin: It cannot be charged after the expiry of the year for which the reserve exists.

Mr. FitzGerald expressed a similar opinion, and added that a reserve only existed during the year in which it was created.

89. *Mr. T. Kelly.*] Do differences of opinion frequently arise between the Treasury and the Commissioners of Audit with respect to what constitutes liabilities on account of which reserves may be made?—Such differences may occasionally arise.

90. Are these differences of such a nature that fresh legislation on the subject is required?—No, I do not think they are.

WEDNESDAY, 4th August, 1875.

Mr. BATKIN, Secretary to the Treasury: Examination continued.

91. *Sir F. D. Bell.*] During the currency of the appropriation which was made by the Act of which we were speaking yesterday—that is to say, the Act the operation of which extended to the 31st December, 1873—was there a sum of about £110,000 expended by the Agent-General on emigration, in the period from the 1st April to 31st December, 1873, which was not charged against that permanent appropriation?—Yes, at least that sum.