

*Mr. Reader Wood.* or having been called upon to do so. I got what money I wanted by simply sending for it. There was a considerable sum of money voted for the Province of Auckland by the House during the last Session, and upon that I drew for what was required during the time I was in office, and then on the last day but one, on the Saturday, the General Government sent up the balance of that money voted, a very large sum of over £20,000, but, unfortunately, it came too late, and I suppose the provincial liabilities are met out of this sum.

177. Then it comes back to the same question, that in reality in recommending the payment of this Thames overdraft, you were recommending a particular disbursement of a portion of the money which had been voted by the House?—Yes; that is it.

178. You were aware that you would be at liberty to recommend that it be spent on some particular other public work?—I went out of office, and I thought it was probable that it might be spent in some other way.

WEDNESDAY, AUGUST 29, 1877.

Mr. FITZGERALD, Commissioner of Audit, examined.

*Mr. FitzGerald.*

29th Aug., 1877.

179. *The Chairman.*] Mr FitzGerald, the Committee is investigating the circumstances under which a certain sum on account of the Thames Borough Council was paid out of the Colonial Treasury. Do you recollect the circumstances? Can you tell the Committee if the sum of £6,263 1s. 1d. passed the Audit office, and if so, on what date?—After some correspondence it was passed as an unauthorized payment, included in a sum of £6,743 15s. 2d—unauthorized provincial liabilities.

180. Then it was not passed as a payment authorized under the 19th section of the Financial Arrangements Act?—No. By looking at the papers I see that the question was gone into twice by myself and Dr. Knight. I find that the voucher under which the issue was made has noted upon it that it was “unauthorized.” There is a special note on the schedule stating that the item was passed as “unauthorized provincial liabilities.” It is unusual to make such a note as the special one to which I have referred. The entries in the column “to be charged to” in this schedule are considered sufficient. It appears that Dr. Knight has added this note.

181. *Sir George Grey.*] The accounts were examined and passed, after which, Dr. Knight added the words passed as “Unauthorised Provincial Liabilities?”—The printed form in the schedule is “Accounts examined and passed.” The meaning of that is that the accounts included in the schedule were passed as being correct, and correctly charged in the column indicating the vote and item; it is sent up by us to the Treasury in that form. The note appended is in Dr. Knight’s handwriting. The item came up included in Provincial Liabilities, and he added the word “unauthorized.”

182. *The Chairman.*] Then the Commissioners of Audit came to the conclusion that it was a payment not authorized by the 19th Section of the Financial Arrangements Act?—Yes. For several reasons.

183. Would you be good enough to inform the Committee on what grounds the Commissioners of Audit arrived at that conclusion?—In the first place we thought it was not a provincial liability. When the voucher first came up to us, I wrote this memorandum (Appendix B):—“It is requested that the Act may be quoted under which these sums can be paid as provincial liabilities.” The Secretary of the Treasury wrote in reply to that as follows:—“The sums have been estimated for by the Superintendent, and the estimates approved of by the Governor in terms of the Provincial Appropriation Extension Acts. Under the Financial Arrangements Act, Section 19, expenditure so authorized, prior to 31st December last, not then made, is deemed to be a provincial liability.” Then I wrote “It is requested that it may be stated under which of the three Acts mentioned in Section 19, this expenditure was authorized by the Premier.” Mr. Batkin replied “The Provincial Appropriation Extension Act, 1876.” I then replied, “The Commissioners of Audit can find nothing in the Act quoted which authorizes the expenditure of money for any services not previously provided for by the Provincial Government, except in the case of revenue being in excess of the expenditure voted, which is not the case at Auckland. They have no power to pass this schedule.” That reply raised the rather difficult question—What was the meaning of the Act in regard to excess of revenue. The Provincial Appropriations of the province for the various days on which they terminated to the 30th September, 1876, provided for the two cases of there being a deficiency of revenue to meet the expenditure, and of there being an excess of revenue. And it provided that, as to the excess of revenue, the Superintendent and the Governor might jointly agree as to how the surplus money should be spent.

184. *Mr. Rees.*] That is in accordance with section 4?—Yes. The case is briefly stated in the memorandum I wrote at the time. I wrote this memorandum afterwards.—“If the estimated revenue were in excess, the balance was to be appropriated by the Superintendent and Governor jointly. If the revenue were deficient, the deficiency was to be made up by an advance under the 10th section of the Appropriation Act, out of the Consolidated Fund.”

185. *The Chairman.*] The estimated revenue exceeded the authorized expenditure?—Yes; if you reckon the advance as revenue. This memorandum of mine was referred to the Solicitor-General, who said, “Although it is not quite clear to my mind &c.” (Appendix B). So far, the Solicitor-General was inclined to go against us. The Government paid over to the account of the Province of Auckland the sum of forty-four thousand (£44,000) pounds, which was provided to meet the deficiency in the revenue, and then treated that sum as if being added to the actual revenue; it made a surplus revenue, which was entitled to be appropriated by the Governor and Superintendent jointly. Among sums so appropriated on that assumption, was this £6,000 for the Borough of the Thames, which notwithstanding the opinions of the Solicitor-General, we declined to issue.