

186. Then the Commissioners declined to authorize the expenditure, on the grounds just stated, not on the grounds of excess of revenue?—We held it was not a provincial liability within the meaning of the Act, that is to say, a sum owed by the province on the 31st December. *Mr. FitzGerald.*  
29th Aug., 1877.

187. In fact, there were two grounds?—Yes. In this memorandum, (Appendix B), which I do not think I have seen before, Dr. Knight expresses much the same view. (Memorandum read; no date affixed to it). In a second memorandum on the same subject Dr. Knight says, "I am of opinion, that there is no authority, &c." I have noted on this memorandum that "I concurred with Dr. Knight in the above."

188. *The Chairman.*] Then the payment of this money was not objected to on the ground that it was in excess of actual revenue, or of the estimated revenue, including the vote in aid by the General Assembly, but on the ground that the vote in aid could not be considered a portion of the revenue of the province?—It was not expenditure in excess of revenue. It was objected to on the ground that it was not provincial liability within the meaning of the law.

189. *Sir George Grey.*] I should like to ask you—do I understand rightly that the Auditors never sanctioned this payment?—They sanctioned it as an "unauthorized" payment, under the clause of the Public Revenues Act, which empowers the Government to spend a specified sum without appropriation. All the unauthorized expenditure is included in an indemnity vote the following year. The Government cannot exceed the sum of £100,000 of unauthorized expenditure.

190. Then if Parliament did not approve of such expenditure, what redress is there?—I do not know that my opinion would be of very much value on that point.

191. Is it with the Auditors or the Ministers the responsibility would rest?—It could not rest with the Auditors. The Act of Parliament justifies their procedure.

192. Would an action lie against Ministers?—I am not prepared to say whether an action would lie against Ministers under the penal clauses of the Revenues Act.

193. What I wish to know is, does the responsibility rest with the Auditors?—No; but the Act provides that Ministers are liable for money spent without the appropriation of Parliament, and it would be a question for lawyers to decide whether money spent as "Unauthorized Expenditure," under the authority of the Revenues Act, and for which no vote of indemnity was subsequently attained, is money spent "without the appropriation of Parliament."

194. My object was to get at the fund from which it was paid.—It was paid from the Consolidated fund.

195. *Mr. Rees.*] You hold that the 4th and 5th sections of this Act read together?—Yes.

196. Did you consider whether the payment of a Bank overdraft, such as this on the 1st September, could come at all within the meaning of the 4th section? (Section referred to, read).—Yes.

197. Did you consider whether the payment of the Bank overdraft would come within that section?—No. It could not come within it, because there was no excess of revenue.

198. I do not mean that. (Quotes from clause). I wish to know whether the payment of the Bank overdraft would be a service to which the clause could apply?—Yes. I consider it would come under the word "Grants."

199. How would Ministers obtain knowledge of the action of your department when you declined to pass such sums except as unauthorized expenditure? How would Ministers obtain cognizance of the proceedings?—We would send the schedule back. The original schedule was sent up on the 18th January. This is the second schedule sent in on the 22nd March, and the account passed Audit on that date.

200. Do you know when the money was actually paid?—The money would be paid a day or two after the account passed the Audit.

201. Not before?—No. The money could not be paid before then.

202. Then the money was not paid on the 22nd March?—No. It might have been paid the following day.

203. Do you consider any of the other items in the same category as being Bank overdrafts?—Yes. In the case of Waiohaki Road Board, £364 1s. 3d.; Kauaeranga Road Board, £100 4s. 2d.; Parawai Road Board, £11 8s. 8d. The sums for these Boards were included in the same schedule.

204. These were all?—There were only these payments on account of local bodies.

205. May I ask why these items were singled out from the others?—I do not quite understand you.

206. Why were these items singled out from all the rest?—We only dealt with these that came before us. We can only deal with each particular item as it is received for Audit.

207. I suppose you have seen this account?—Yes. I know that account.

208. There is an item here paid by the Government on account of the Piako Swamp Road?—That is in the list. That list, I take it, is the estimate of expenditure that was agreed upon between the Superintendent and the Governor.

209. What was the amount of the item paid by the Government on the Piako Swamp Road?—I am not able to answer the question without referring to papers. I do not know whether or not the sum has been paid. I can easily ascertain. £1,100 was the amount authorized by the Governor. I am unable to say which of these have been paid without referring to papers.

210. Have you any note at all of the £1,100?—In the office I could find it in a few minutes.

211. *Sir George Grey.*] The point we want to get out is this—when the sum for the Piako Swamp Road was passed by the General Government, how then could it be inserted in the provincial liabilities?—The probability is, that it has been paid, included under unauthorized expenditure.

212. How could the auditors deal with that sum as an unauthorized liability?—The Commissioners of Audit have no power to refuse to issue any moneys asked for as "unauthorized expenditure." The effect of charging it to "unauthorized" is to submit the matter to Parliament.

213. It appears to me that there is confusion of accounts which ought not to take place?—Parliament can deal with it as it pleases. It can order the payment to be charged as it thinks proper.

214. What I wish to know is—what is the effect of the remarks of the auditors upon an account when it comes before them?—If the Government choose to say a payment is to be classified as "unauthorized expenditure," we have no power to refuse it.