

issue of £44,000 of Treasury bills. These bills were raised at the end of the quarter, and were paid over in aid of Provincial revenue to the Auckland Provincial Account, and, so far as I can remember, or ascertain, without any objection on the part of the Audit. This amount was placed to the credit of the Auckland Provincial Account. Subsequently a question arose, and there are some minutes about it between the Audit and the Treasury, as to whether the proceeds of these bills could be accepted as revenue, and the proceeds applied to any purposes except those which appeared in the Auckland Provincial Appropriation Act, and were passed by the Provincial Council—whether, in fact, any new items could be charged. I had several interviews with the Commissioner of Audit, and we talked the matter over. While the matter was under discussion, I went to New Plymouth, and the voucher for the payment of the Thames overdraft came up in the first place in the ordinary course of business for payment as a Provincial liability, having been recommended by Mr. Wood, and approved by the Governor. The Auditors then wrote a minute, a copy of which is before the Committee, rejecting the voucher on the general grounds, as I understood, that as the £44,000 of Treasury bills could not be accounted revenue, there was, in fact, no money to meet the payment. When I came back I saw Mr. FitzGerald. There was some difference of opinion as to whether the £44,000 was to be treated as revenue, and the opinion of the Solicitor-General was taken, he agreeing with the Treasury view that the £44,000 was Provincial revenue. I saw Mr. FitzGerald several times, and I understood this £44,000 was accepted as revenue, and would be dealt with accordingly, and that those items which had been recommended by the Superintendent and approved by the Governor, would be paid, in the ordinary course, as provincial liabilities. We had several interviews; and it was under discussion, before we came to this determination, whether or not these charges should be classed as “unauthorized.” I pointed out to Mr. FitzGerald that if this were done, it might result in serious inconvenience to the public service, because we were limited to the £100,000 of unauthorised expenditure, and were always uncertain as to the amount which might be required for public works. I then understood it to be agreed between us that any expenditure on Provincial Liabilities Account, not included in the recommendations of the Executive Officers, or which the Commissioners of Audit desired to bring specially under the notice of the House, should be charged to Provincial unauthorised, and not against the £100,000. Some time after this interview, the voucher for the payment of the Thames overdraft was again placed in schedule, signed by me, and forwarded to the Audit in due course. It was apparently dealt with by Dr. Knight—not Mr. FitzGerald. Dr. Knight (as will be seen by reference to the schedule) passed the amount as “unauthorised,” and it was paid by the Treasury without the matter again coming before me. Hence, I was under the impression, until I saw the schedule here, that the amount had been paid as an ordinary provincial liability—not as “unauthorised.” I am of opinion that had the schedule come before Mr. FitzGerald instead of Dr. Knight, it would have been passed as an ordinary provincial liability; for I understood that the difference between the Treasury and the Audit was not as to these particular items, but as to whether the £44,000 was to be included as Auckland revenue, and this matter having been referred to the Solicitor-General, he had given it as his opinion that it was fairly to be so included. As I have already said, I did not know that the Audit had objected to these items specially, or that they had really been charged as “unauthorised.”

265. *Mr. Johnston.*] And it surprises you now to learn that?—Certainly. The Commissioners of Audit, in their minute, raised the question of the overdrafts as one affecting the whole of the provinces, more or less, and treated it as a general question. They then went on to discuss whether the £44,000 could rightly be treated as Auckland Provincial revenue, and asked that the opinion of the Solicitor-General might be obtained upon the question. His opinion was obtained, and was to the effect that he thought the £44,000 should be so treated; and I understood the Commissioners of Audit acquiesced in that opinion. Mr. FitzGerald is present, and can, of course, explain where he differs from me in the matter.

264. *The Commissioner of Audit.* The question that has been referred to by the Colonial Treasurer was, I find, dealt with in the memorandum in February. My first memorandum was upon the 24th January; that of the Solicitor-General, on the 2nd of February; Dr. Knight's memorandum was on the 8th and 12th February. The payments that were made under this estimate passed on the 29th January and down to the 12th of June. This particular item was issued on the 22nd of March.

267. *Hon. Major Atkinson.*] Have you the date when the original voucher was signed?—The original schedule was sent up to us on the 18th January, and the memoranda I have read to the Committee were endorsed on that schedule, and it was upon that the whole question was raised.

The Hon. the COLONIAL TREASURER examined.

268. *The Chairman.*] The Commissioner stated that he had an understanding with you respecting the payment of this account?—I had no understanding with the Commissioners of Audit as to the passing of this particular item. I looked upon it as a general question which had been raised—as will be seen upon reference to the statement I just now made.

The COMMISSIONER OF AUDIT examined.

269. *The Chairman.*] This understanding that you had with the Treasurer, and which you think Dr. Knight afterwards did not take the same view of, that did not refer to this £6000?—Dr. Knight knew of it, because he dealt with the question in his memoranda.

270. *Hon. Major Atkinson.*] When I came back I went into the whole question with you. I dare say you will remember the interviews we had, whether the unauthorised provincial liabilities were to be charged on the £100,000 of unauthorised?—The only definite recollection I have is, that it was urged that the £100,000 of unauthorised expenditure provided by the clause in the Revenues Act, had been so provided at a time when the peculiar circumstances of the abolition of the provinces had not been contemplated. The question then was, whether if there were any excessive expenditure on provincial appropriations it ought to be included in the £100,000 of unauthorised, so as to limit the power which the Government

*Hon. Colonial  
Treasurer.*  
4th Sept., 1877.

*Commissioner of  
Audit.*  
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