

1883.
NEW ZEALAND.

PUBLIC ACCOUNTS COMMITTEE.

(REPORT ON PUBLIC REVENUES ACT, TOGETHER WITH MINUTES OF PROCEEDINGS
AND EVIDENCE.)

(Report brought up 3rd September, and ordered to be printed.)

ORDER OF REFERENCE.

WEDNESDAY, THE 25TH DAY OF JULY, 1883.

Reference from the Treasury.—In accordance with a resolution of the House, come to on the 8th July, 1870, the Colonial Treasurer has the honour to refer to the Public Accounts Committee "The Public Revenues Act, 1882," in order that the Committee may consider whether any, and, if so, what, amendments may be desirable to suggest to the House, especially with regard to imprests, &c.—(*Hon. Major Atkinson.*)

REPORT.

THE Committee, having received from the Treasury a reference dated the 25th July, 1883, referring to them "The Public Revenues Act, 1882," in order that the Committee might consider "whether any, and, if so, what, amendments it may be desirable to suggest to the House, especially with regard to imprests," report:—

1. That they have examined the Controller and Auditor-General, whose evidence is attached. The Committee regret that, in consequence of the late period at which the investigation was begun, and of the other duties devolving upon them, they have been unable to give the subject full consideration.

2. The 9th section of the Act of 1882 provides that the Colonial Treasurer may, until a new Appropriation Act is passed, "issue and pay" moneys during two months after the Appropriation Act of the previous year has expired. The Appropriation Act of 1882-83 expired on the 31st March, 1883. On the 31st May the Controller and Auditor-General issued £192,150 to the Paymaster-General under protest. He was aware that it could not be required for the past month's services, but considered that he had no legal power to refuse. The money then became an imprest in the hands of the Paymaster-General, and was used by him to make payments till Parliament (which met on the 14th June) had granted a new supply.

3. The Committee are of opinion that, to remove doubts, an amendment of "The Public Revenues Act, 1882," prohibiting the Colonial Treasurer "or any imprestee" from paying public money after the 30th June, would meet the case.

4. The Controller, in his evidence, refers to the difficulty and annoyance caused to the Audit Office by the provision in the Land Act limiting the payment of travelling expenses for members of Lands Boards to "expenses actually incurred." The Audit Office refuses under this provision to pay any account for travelling expenses unless the account is accompanied by subvouchers for the small sums of which such expenses largely consist. Members of Waste Lands Boards object to this, and have been in the habit of commuting the charge at twenty shillings per day. The amounts are then paid on the authority of Ministers out of unauthorized expenditure, and included in the Appropriation Act of the following year.

5. The same difficulty and annoyance are experienced by the Audit Office in dealing with the travelling expenses of members of Parliament engaged on Royal or other Commissions, who are debarred by the Disqualification Act from receiving remuneration of any kind for their services, and whose travelling expenses are also limited by the same Act to expenses "actually incurred."

6. The Committee recommend that authority should be obtained to commute such expenses for a fixed sum of twenty shillings per day, in addition to money paid for coach, railway, steamship, or other passenger fares; such commutation, in the case of members of Waste Lands Boards not to exceed twenty shillings for each day that the Board sits.

1st September, 1883.

F. J. MOSS,
Chairman.

MINUTES OF PROCEEDINGS.

THURSDAY, 26TH JULY, 1883.

Present: Mr. Moss (Chairman), Hon. Major Atkinson, Mr. Barron, Mr. Dargaville, Hon. Mr. Dick, Mr. Montgomery, Mr. Peacock, Mr. G. Wilson, Mr. Wright.

Motion made, That the Controller-General be summoned to give evidence as to the desirability or otherwise of any amendment being made in "The Public Revenues Act, 1878," and Amendment Act, 1882.—(*Mr. Dargaville.*)

Motion put, and agreed to.

Adjourned till Thursday next, at 11 o'clock.

TUESDAY, 7TH AUGUST, 1883.

Present: Mr. Moss (Chairman), Hon. Major Atkinson, Mr. Barron, Mr. Dargaville, Mr. Montgomery, Mr. Peacock, Mr. Wright.

The Committee considered the reference from the Treasury *re* "Public Revenues Act, 1882."

Mr. J. E. FitzGerald, Controller and Auditor-General, was examined.

Adjourned till Thursday next, at 11 o'clock.

FRIDAY, 31ST AUGUST, 1883.

Present: Mr. Moss (Chairman), Hon. Major Atkinson, Mr. Barron, Mr. Dargaville, Mr. Montgomery, Mr. Peacock, Mr. Wilson, Mr. Wright.

The Chairman stated that he had prepared a draft report in connection with the reference from the Treasury *re* "The Public Revenues Act, 1882."

Motion made and question, That the draft report be printed and circulated amongst the members of the Committee.—(*Mr. Dargaville.*)

Motion put, and carried.

Adjourned till Saturday next at 11 o'clock.

SATURDAY, 1ST SEPTEMBER, 1883.

Present: Mr. Moss (Chairman), Hon. Major Atkinson, Mr. Barron, Mr. Dargaville, Hon. Mr. Dick, Mr. Montgomery, Mr. Peacock, Mr. Wilson, Mr. Wright.

The minutes of last meeting were read and confirmed.

The Committee considered the following draft report *re* "Public Revenues Act, 1882":—

The Committee, having received from the Treasury a reference, dated the 25th July, 1883, referring to them "The Public Revenues Act, 1882," in order that the Committee might consider "whether any and, if so, what amendments it may be desirable to suggest to the House, especially with regard to imprests," report,—

1. That they have examined the Controller and Auditor-General, whose evidence is attached. The Committee regret that, in consequence of the late period at which the investigation was begun, and of the other duties devolving upon them, they have been unable to give the subject full consideration. They therefore confine themselves to reporting their opinion as to the means of guarding against the expenditure of further money beyond two months after the Appropriation Act has expired, in order to secure that Parliament shall be called together within that time.

2. The ninth section of the Act of 1882 provides that the Colonial Treasurer may, until a new Appropriation Act is passed, "issue and pay" moneys during two months after the Appropriation Act of the previous year has expired. The Appropriation Act of 1882-83 expired on the 31st March, 1883. On the 31st May the Controller and Auditor-General issued £192,150 to the Paymaster-General under protest. He was aware that it could not be required for the past month's services, but considered that he had no legal power to refuse. The money then became an imprest in the hands of the Paymaster-General, and was used by him to make payments till Parliament (which met on the 14th June) had granted a new supply.

3. The Committee are of opinion that a slight addition to "The Public Revenues Act, 1882," prohibiting the Colonial Treasurer or any imprestee from paying public money after the 31st May,

would meet the case, and would secure the meeting of Parliament, which the Committee take to be the main purpose of the provision referred to.

4. The Controller, in his evidence, refers to the difficulty and annoyance caused to the Audit Office by the provision in the Land Act limiting the payment of travelling expenses for members of Land Boards to the "expenses actually incurred." The Audit Office refuses, under this provision, to pay any account for travelling expenses, unless the account is accompanied by sub-vouchers for the small sums of which such expenses largely consist. Members of Waste Lands Boards object to this, and have been in the habit of commuting the charge at 20s. per day. The amounts are then paid, on the authority of the Ministers, out of unauthorized expenditure, and included in the Appropriation Act of the following year.

5. The same difficulty and annoyance are experienced by the Audit Office in dealing with the travelling expenses of members of Parliament engaged on Royal and other Commissions, and whose travelling expenses are also limited by the same Act to expenses "actually incurred."

6. The Committee recommend that authority should be obtained to commute such expenses for a fixed sum of 20s. per day, in addition to money paid for coach, railway, steamship, or other passenger fares; such commutation, in the case of members of Waste Lands Boards, not to exceed days for each sitting of the Board.

On motion of Mr. Wright, *Resolved*, That the consideration of clause 1 be postponed.

Clause 2 put and carried.

On motion of Mr. Montgomery, *Resolved*, That after the word "that," in the first line of clause 3, the words "to remove doubts" be inserted.

On motion of Mr. Montgomery, *Resolved*, That the words "a slight addition to," in the first line of clause 3, be struck out, in order to insert the words "an amendment of."

Motion made by Mr. Wright, That the words "31st May," in line 2 of clause 3, be left out, in order to insert the words "30th June."

Motion made, That "30th June" be substituted for "31st May."

The Committee divided.

Ayes: Hon. Major Atkinson, Hon. Mr. Dick, Mr. Peacock, Mr. Wilson, Mr. Wright.

Noes: Mr. Barron, Mr. Dargaville, Mr. Montgomery.

Motion therefore carried.

On the motion of Mr. Wright, *Resolved*, That all words after "case," in the third line of clause 3, to the end of the clause, be left out.

Question put, That clause 3 as amended be agreed to. Carried.

Clause 4 put and carried.

Clause 5. The Chairman, before reading this clause, inserted the following words after "Commissions": "who are debarred by the Disqualification Act from receiving remuneration of any kind for their services."

Clause as read put and carried.

On the motion of Mr. Wright, *Resolved*, That all words after "exceed," in the third line of clause 6, be omitted, in order to insert the words "twenty shillings for each day that the Board sits."

Motion made, That all the words after "consideration," in the fourth line of clause 1, to the end of the clause, be struck out.

Question put, That the words proposed to be left out stand part of the question.

The Committee divided.

Ayes: Mr. Barron, Mr. Dargaville, Mr. Montgomery.

Noes: Hon. Major Atkinson, Hon. Mr. Dick, Mr. Peacock, Mr. Wilson, Mr. Wright.

Motion therefore carried.

Motion made and question put, That the report as amended be adopted.

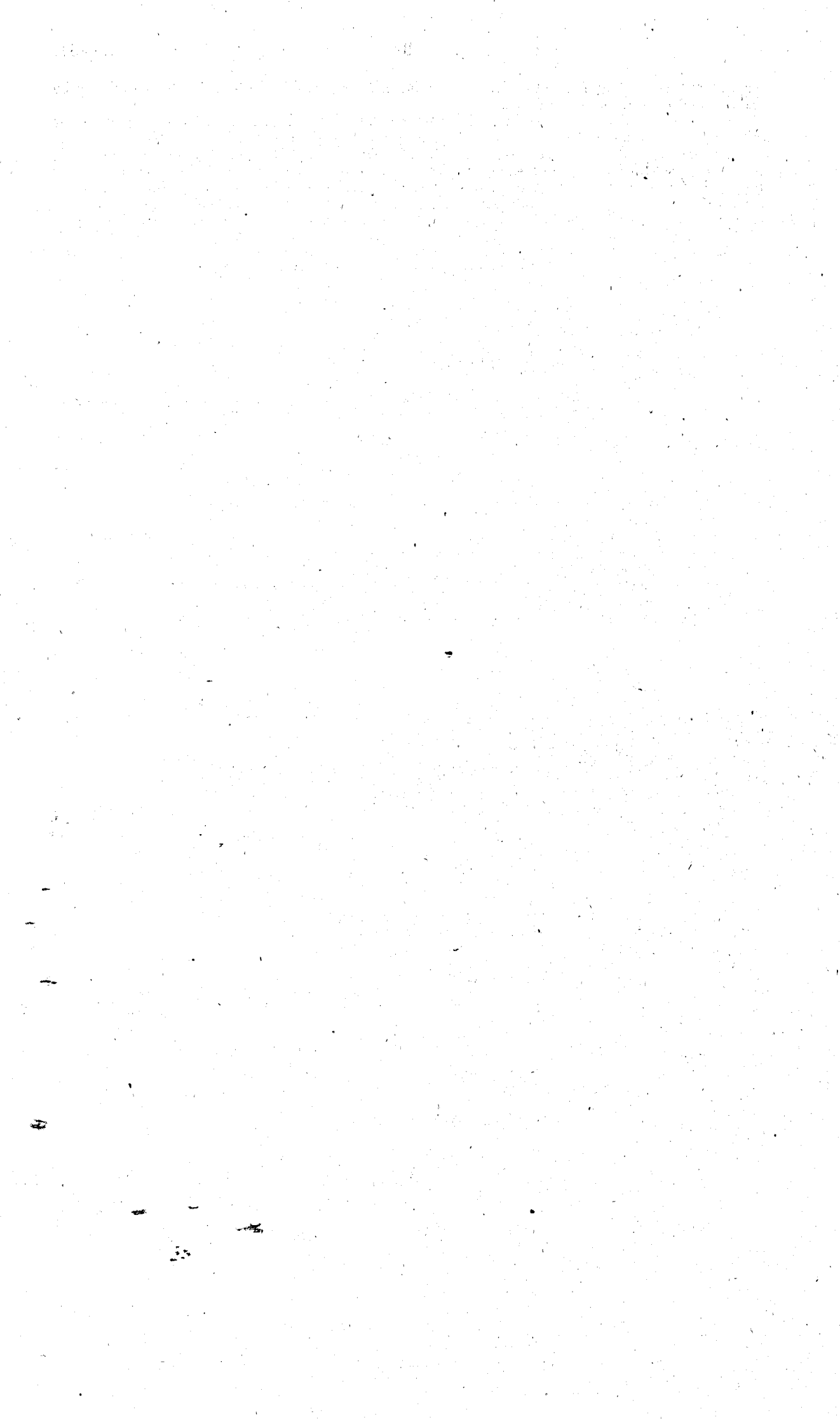
The Committee divided.

Ayes: Hon. Major Atkinson, Hon. Mr. Dick, Mr. Peacock, Mr. Wilson, Mr. Wright.

Noes: Mr. Barron, Mr. Dargaville, Mr. Montgomery.

Motion carried.

On motion of Mr. Montgomery, *Resolved*, That a copy of this report, with evidence, be forwarded to the Treasurer, and that, at the desire of the Treasurer, the report be brought up to the House to-day.



MINUTES OF EVIDENCE.

TUESDAY, 7TH AUGUST, 1833.—(Mr. Moss, Chairman.)

Mr. JAMES EDWARD FITZGERALD, Controller and Auditor-General, examined.

The Chairman having informed Mr. FitzGerald as to the order of reference, the witness stated that he had no suggestions to offer as to any amendment of the Act.

1. *The Chairman.*] Have you any remarks to make in connection with your memorandum on the imprest of £192,000?—I have drawn up a statement with regard to that memorandum, but I have no suggestions to make as to any alterations in the law.

2. That, I presume, would be your statement in connection with it?—The imprest only.

3. *Hon. Major Atkinson.*] But not in any way with reference to amendment of the law?—No. I see no necessity for any amendment being made in the Act. I mean, of course, with regard to the practical working of the Act. I do not mean if the Committee think there should be a different object gained than that which is gained by the Act. I should be happy to express my opinion on that subject, if any amendment is suggested.

4. *The Chairman.*] As to what you consider the object of the Act?—Which section?

5. The general object of the Act. You state in your memorandum that the whole object of the Revenues Act was to abolish the pre-audit system of payment?—That was the Act of 1878. It had, in fact, been done long before. That system was adopted in—I forget what year; there were several Acts passed after the Act of 1867, and, whichever Act it was, it was finally decided that there should be a pre-audit of accounts, and all that was incorporated in the Act of 1878.

6. In your memorandum this is how you put it: “I cannot but point out that the same course might be adopted by the Government at any time and for any purpose, and the whole expenditure of public moneys be changed from that of *direct* payment to one of *imprest* payment, and from one of pre-audit to the old system of audit after payment, a system which it was the whole object of the Revenues Act to abolish”?—Yes; it was contemplated at the time when the pre-audit system was first introduced by Sir Julius Vogel that the great mass of payments, all except a very few, could be made direct from the Treasury; but it was found in practice that there were certain things which could not be so met, payment of wages, especially of the Armed Constabulary Force; and since then, in later years, the introduction of the railway system has greatly enlarged the number of payments that have to be made necessarily by imprest, and which cannot be made direct from the Treasury. Therefore, the imprest system has grown steadily upon the system of direct payment which it was the original intention of the Act should be the normal system of payment of public moneys. I should think quite a third of the whole payments of the colony are now made by imprest.

7. And consequently before audit?—All before audit necessarily. The whole of the railways, which amount to approaching half a million, and the whole of the Constabulary, are entirely paid by imprest, and cannot be paid otherwise.

8. Is it not the custom in some of the colonies to pay before audit, and to hold the head of the department responsible, if the accounts afterwards prove incorrect?—New Zealand is the only country in the world that I know of that ever attempted to pay after audit. All countries pay before audit.

9. Holding the head of the department responsible?—The officer, whoever it may be, in whose hands the money is placed. In Victoria all moneys are paid by a system of Sub-Paymasters in districts. In Sydney the great bulk of the payments are paid virtually in the same way. In South Australia they have a special system of payment, different from all others. They authorize the officer who is responsible for the payment to draw cheques upon the Treasury, and those cheques are paid over the counter in the Treasury, the same as in a bank; and the officer who draws the cheques is held responsible for not drawing any except for expenditure he is authorized to incur. The advantage of that system is very great, as far as the public is concerned, because the public get their money instantly; but the disadvantage is that the Government have to pay the cheques, whether they are good or bad, for the public credit, whether the goods or services are authorized or not. But I was informed that they hardly ever had any question of importance as to the cheques. Those are, in fact, the three great systems now in force in all these colonies.

10. Do you think it very important that the pre-audit system should be maintained?—I was always strongly opposed to it; and there were numbers of memoranda of mine written at the time pointing out the difficulties that would occur; but I have in a great measure changed my opinion by the practical working of it. I find there is not that delay in making the payment after audit that I thought there would be; and it is also obvious that without a pre-audit there can be nothing in the shape of a practical control, because the principle of the control is that the money shall be issued by the Controller, but, if the audit comes after the payment, the money must have been issued in the first instance. Therefore, I think the question of pre-audit is bound up with the question of control. There is no control in any colony except this and Victoria; but the control in Victoria is more like the control which takes place in England, which is a control of the issue of the

money to the Treasury, not a control over the individual payments; it is only a control over the exchequer issues: that is, from the money voted, say, for the army, the control is bound to issue the money for the army to the full extent; but it does not know till afterwards how it is spent. With us control is extended not only to the issue of money but to the payment by means of pre-audit; so that the abandonment of pre-audit would involve the abandonment of control as well.

11. But it is evaded to a very large extent by the system of imprest?—Not to a very large extent; very rarely. It is evaded necessarily in this way: a sum of money is drawn against, say, Vote 3, for payments under Vote 3. It is issued under Vote 3; but practically it may be, or part of it, spent upon Vote 4. When the credit requisition comes up, supported by the voucher showing how the money was spent, Vote 3 is recredited with the whole of the issue, and Vote 4 is debited; removing, in fact, the issue from Vote 3, which originally took place, to Vote 4. But, then, by the recent Acts, the moneys issued on imprest have to be charged to the votes at the time they are issued on imprest. The consequence is that Vote 3 would stand limited by the extent to which money has been issued against it, and might thereby be exhausted. But when the credit requisition comes up, and it is recredited again with money spent on Vote 4, it would be in funds again.

12. *Mr. Barron.*] I observe in your memorandum you say, "From one of pre-audit to the old system of audit after payment, a system which it was the whole object of the Revenues Act to abolish?—I should have said Revenues Acts. It occurred much earlier than the Act of 1878; I think as early as 1874 or 1875.

13. I understand you have no suggestions to make as to amendment of the Act?—No; not as to the question of control or imprest. I have no amendment to suggest.

14. You think the Act sufficient to enable you to have a thorough system of control and audit, if it is strictly observed?—Yes; I think as strict as it is necessary or desirable.

15. Further, you say that what has been done discloses a mode in which the clear intention of Parliament is being, and may be at any time, evaded?—That is, that particular clause in the Act of 1882.

16. But your opinion is that, if the Act was strictly observed, no such system as that you object to in your memorandum could be?—No; the words of that clause, to my mind, are perfectly satisfactory. As far as I am aware of what the intention of Parliament was—what I judge to have been the intention of Parliament by the wording of the Act (*sic*)—it intended to define the latest period at which Parliament should be called together. I think that is effected by those words as nearly as it can be.

17. I suppose you have had a great many years' experience in connection with putting proper interpretation on Acts coming before you?—Yes; I have been seventeen years in office.

18. As one having seventeen years' experience, you would, no doubt, know the proper construction to put on the clause?—I can see only one meaning in the clause.

19. And that, if any system of accounts is followed, such as you refer to in your memorandum, that system would be a clear evasion of the true meaning of the Act which regulates it?—That was the view which I took.

20. You say that this system which you object to has been growing?—I do not object to it. The system of imprest payment has necessarily been growing by extension of those services in which direct payments are impossible; that is to say, those departments in which the large bulk of the expenditure is in wages, and in small expenses which must be immediately met, principally wages. I should say almost all—with very few exceptions—the staff of Government salaried officers are paid direct and not by imprest. Imprestees are specially debarred from paying their own salaries out of imprest accounts.

21. In a postscript to the memorandum you say, "It may be the duty of the Audit Officer to refuse to recognize such payments, or to relieve the Paymaster-General, without the express sanction of Parliament"?—I did refuse to recognize them. I never saw an account. I refused to receive any account until Parliament passed the resolution.

22. *Mr. Montgomery.*] It seems, from the 9th section of "The Public Revenues Act, 1882," that the unexpended balances of any votes besides the unexpended balances of particular votes, could be issued and paid a certain time before the end of the year?—For two months.

23. All unexpended balances before the end of the year could be issued; so that the unexpended balance of the ordinary revenue account could be issued?—No; the £192,000 was the balance at the end of the two months on certain votes.

24. Then, that could be withdrawn from your control on the 31st May?—Yes; and five times as much.

25. That is, the total amount of balances of the ordinary revenue account could be withdrawn on the 31st May. Could the amount standing to the credit of the Public Works Account be withdrawn also?—Yes; the amount that might have been withdrawn is £867,000 altogether.

26. The balances standing in the Audit books unexpended on the 31st May, £800,000, could have been withdrawn from under your control?—Yes. I mean to say that if the £192,000 could have been withdrawn the £867,000 could.

27. Altogether, coming to nearly a million?—No; the £192,000 is included in that.

28. This resolves itself into this: that the whole of the balances upon the ordinary Revenue Account and Public Works Account, £800,000, could have been withdrawn from your control on the 31st May, under the provisions of the Public Revenues Act?—Yes; certainly.

29. And do you not think that such an Act as that is defective, and wants alteration? If this large sum of money could be withdrawn from the control of the Controller, who is appointed by Parliament to control expenditure, should not that Act be altered?—I do not know that I ought to give any opinion on that subject, which is one merely of policy: a question entirely of what power

Parliament intends to place in the hands of the Controller and the Ministers. I do not think that I should give any opinion on that subject.

30. It is with regard to having efficient control. I am not speaking of audit?—Yes; of control. There is no doubt that, as the Act stands, the power to issue is limited by the balances, and by nothing else. I give no opinion as to whether that is a right or wrong policy.

31. I am not speaking of policy. Does not the control over the public money cease on these unexpended balances?—To the extent of the unexpended balances. That is to say, if I had refused to issue the £192,000, Ministers still have power, under the 54th section, to issue by Order in Council, which would come to exactly the same thing. It would be simply relegating the responsibility from me to the responsibility of Ministers. I think it would have been better if I had refused to issue the requisition and allowed the Government to require its issue under its parliamentary responsibility under that section. The result would have been the same in both cases; but I should have freed myself from all responsibility in the matter.

32. Then, I understand that, if you had declined, as you read the Public Revenues Act, the Governor in Council could have authorized the issue of the money?—Yes.

33. And you state that it would have been better had you declined and left the responsibility on them?—Yes; I think it would have been better; because I think perhaps I might have said that this money is obviously going to be spent illegally—although the issue of it is legal at the present moment, yet it is going to be spent, and must be spent, in an illegal manner; and therefore I might have been justified in refusing to issue it, and leaving the Government to do so on its own responsibility. It would have made no difference as to the result.

34. You drew the attention of Parliament to the fact that, "As the point is one seriously affecting the manner in which the duties of the Controller and Auditor-General are to be fulfilled, I have the honour respectively to request that this memorandum, together with the requisition to which it relates, may be laid before Parliament as soon as it meets." What was your object in writing that? Was it as to whether the Revenues Act should be altered?—No; it was simply because I thought Parliament ought to know that what I thought was a questionable interpretation of the Act had been made use of by the Government.

35. Then, you think the Act is so clear in itself that it does not require amendment?—It depends entirely on what the intention of Parliament is. If the intention of Parliament is that no money should be issued or spent after a certain day, then, of course, as the meaning of those words has been doubted, it could be put into more forcible language; but, as I interpret the Act, no more forcible language is required.

36. "To issue and pay moneys during such two months, but no longer," how do you read that?—Perhaps it would be clearer to the Committee if they would allow me to read a memorandum which I have written on the subject, as follows:—I desire respectfully to lay before the Committee my reasons for thinking that the action taken by me, and the views expressed in my memorandum to the Hon. the Colonial Treasurer of the 31st May last, were strictly in accordance with the duties imposed on me, and in accordance with law. The words "issue" and "pay" used in the 9th section of "The Public Revenues Act, 1882," mean different things; and therefore public moneys can be lawfully neither issued nor paid after the 31st day of May. The word "issue" is derived from the ancient law and practice of the Exchequer from the earliest Norman times. The revenues of the Crown were paid into the Exchequer or accounted for therein; and were issued only by writ of the King under the Great or Privy Seal. Certain payments were, however, made without writ, by what was termed the "ancient custom of the Exchequer." Certain fixed payments were also made by writ of the King, by the Sheriffs, and other accountants which were allowed at the Exchequer, although not paid in money; but the term "issues" applied to moneys issued out of the Exchequer, both under writ and custom of the Exchequer; and the name has been used from the time of the Conquest to the present day, and is still used, in the accounts rendered to Parliament, in the same sense. By the Exchequer and Audit Act, 30 Vict., c. 39 (the latest Act fixing the practice of paying and accounting for public moneys), two distinct kinds of accounts are required to be kept. The one required by the 16th section is to be prepared "by the Treasury," and is "an account of the public income and expenditure of the United Kingdom, according to the actual receipt and issue of moneys on the Exchequer accounts at the Bank of England and the Bank of Ireland in the twelve months ending on each quarter-day." The second account is that required by the 22nd section of the Act, and is called "the Appropriation Account." It is directed to be prepared by the several departments, and to be an account "of the moneys expended for the services to which they may respectively relate." On the charge side is to appear the sums appropriated by Parliament for service, and on the discharge side (see section 24) "the sums which may have actually come in the course of payment within the same period; and no imprest or advance of the application of which an account may not have been rendered to and allowed by the accounting department shall be included on the discharge side thereof." In this, which is the latest Act on the management of the finances of England, the ancient system of the Exchequer and the distinction between issues and payments are preserved. Further, however, than to show that the words in question have a technical meaning, it is not necessary to go outside the provisions of the Acts in this colony, which are at present in force, and in which those words occur. It will be seen that the same distinction is carefully preserved. I first call attention to the title of Part V. of the Act. It is "*of the issue and expenditure of public moneys.*" Next I refer to the Governor's warrant (see section 40 and Schedule 3, "Public Revenues Act, 1878"), and find it is a warrant to the Treasurer to "issue out of the Public Account—moneys amounting to—, and to cause the same to be paid to such persons as may become entitled thereto," &c. The Controller is required to certify on the warrant that the *issue* is according to law; not that the *payment* is so. The provisions as to the *payments* are contained in the 41st, 42nd, and 43rd sections of the Act of 1878. First: The vouchers must be sent

to the Audit Office and passed (1) as correct in form and computation; (2) as duly authorized by the Ministers; (3) as charged to the proper vote. They must then be sent on to the Treasury for payment. Secondly: The vouchers so audited must be put into requisition by the Treasurer and returned to the Audit in support of the requisition, in compliance with which the Controller issues the order, countersigned by the Treasurer, to the bank "to pay out of the Public Account the cheques of the Paymaster-General at the several places and to the several amounts" named in such order. (See Schedule 5, Act of 1878.) It was thought that by this provision the necessity for a separate transfer at the bank, such as is made in England, from the account of the Exchequer to that of the Paymaster-General, might be avoided; and that the Paymaster-General might operate, within prescribed limits, on the Public Account directly. It has, however, been found necessary in practice to establish a drawing account at the bank, to which the amount of such "order" is transferred, and which is called "the Disbursement Account." So that the practice in New Zealand is practically the same as in England. The "issue" is made by the Controller, when the money is transferred at the bank, from the General Public Account to the branch of it called the Disbursement Account; and the cheques drawn by the Paymaster-General on the Public Account are paid out of the disbursement branch, and exhaust the whole transfer made by each "order." The same process is observed in the issue of public moneys in England belonging to the New Zealand Government, with one exception. In the case of ordinary expenditure the moneys are transferred from the New Zealand Public Account to the Foreign Imprest Account, which is operated on by the Agent-General, by cheques countersigned by the Audit officers in London. (See sections 59, 60, and Schedule 9 of the Act of 1878.) In this case the issue takes place on the transfer of the money to the Foreign Imprest Account; the payment when the Agent-General operates on the latter. In the case, however, of the charges of the public debt, the Act makes a somewhat different provision. The order on the bank is one for both *issue* and *payment*. The whole amount of the periodical charge due is handed over to the Crown Agents, or other Agents appointed to pay the interest on the loans, and is considered, so far as the Treasury is concerned, to be finally *paid*. I may observe that this is analogous to the course pursued in England; where the total sums payable as interest on the public debt are handed over to the Bank of England, which undertakes the payment of the dividends, and accounts for those unpaid to the Treasury, as I am informed, not more often than once in ten years. I have thus shown that the issue and payment of public moneys under the revenue law in force are two different things, carried on by two different and distinct operations: the one is the act of the Controller and Auditor-General; the other is the act of the Paymaster-General in the colony and of the Agent-General in England—all being done under the direction of the Colonial Treasurer. That money has not been *paid* within the meaning of the Act, when issued to an imprestee, is sufficiently shown by the 76th section of the Act of 1878, by which "an imprestee into whose hands any public moneys come shall be deemed to owe to Her Majesty all such moneys for which he does not receive a certificate of discharge from the Audit Office." The words "public moneys" being defined in the Act to mean "all moneys belonging to the Crown or the Government of New Zealand," and the word "imprestee" to mean "any person in whose hands any money is placed for expenditure in the public service," it is not easy to see how it can be argued that moneys which are still the property of the Crown can be said to have been paid away. They have been issued for payment, but not paid. Further it will be observed that, in the Governor's warrant, upon which, as a preliminary step, all dealings with the public moneys are based, a clear distinction is drawn between "issues" and "payments." The money is first authorized to be "issued out of the Public Account." If such words would include payments, no more would be necessary; but the warrant goes on to authorize the Treasurer to "cause the same"—that is, the same money already issued—"to be paid to such persons as may become entitled thereto under the authority of any Act or Acts of the General Assembly appropriating the said moneys." Now, the 9th section of "The Revenues Act, 1882," is the only authority for dealing with public moneys after the 31st March. By virtue of that section the Appropriation Act expires on that day, and any unexpended balances of votes cease to be payable. The second paragraph of the same section becomes the sole authority for the dealing with public moneys after the 31st March other than the permanent charges; but this appropriation also, for the reasons given above, expires on the 31st May, when it is provided that "the Treasurer may issue and pay moneys during two months, but no longer." Whether, therefore, such words be taken in their ordinary and obvious meaning, or be interpreted as technical terms in the sense in which they are used in the ancient system from which our law has been derived, or as defined by a strict construction of the Act in which those words occur, I am unable to avoid the conclusion that all payments by the Treasury made after the 31st May, as well as all issues by the Controller, are distinctly forbidden by the law. I further desire to point out that the object and scope of my memorandum to the Treasurer appears to have been misunderstood. It is stated that the memorandum does not assert that any illegal act was done. No such act had been done when that paper was written on the 31st May. My object was to point out to the Government, on returning the requisition signed, that the *issue* of the money was an evasion of the law, because, whilst it was technically within the law, it was intended to make use of it for purposes forbidden by law; and I rightly addressed that memorandum to the Treasurer, and not to Parliament, which was not at the time in session. Had I been called on to report the matter to Parliament, I should have been in a position to have said, and should have said, that, in my view of the law, it had by that time been broken to the extent of every payment made after the 31st May; and I should have reported that I had refused, as I did refuse, to pass any credit to the imprestee for any payments so made prior to the passing of the resolution required by the Act which covered such expenditure. It has also been said that I ought to have declined to issue the money, in which case the requisition could have been passed, under the 50th section, by Order in Council. Such would, perhaps, have been the better course, as that section relieves the Controller from all personal responsibility in the matter; but it seems to have escaped observation that the position would have

been in no way altered by the action suggested; for the 50th section only empowers the Governor in Council to "settle the matter in dispute," which would have been whether the requisition should be passed and the money issued, but would have left untouched the question of the subsequent illegal use of the money. I desire also to add that my request to the Government to lay my memorandum before Parliament was a mere act of courtesy on my part, and that I regret that, if such was considered irregular, I was not informed of it at the time, so that I might have reported direct to the House. As to the matter being one of small importance, I think it right to point out to the Committee that the balances on which the Government might, had they chosen, have operated amounted on the 31st May to more than £867,000, and that they could have drawn the whole of that sum, or, at least, so much as was available in the bank both here and in London, upon exactly the same grounds as those on which they drew the £192,000 which is the subject of this minute.

37. *Mr. Dargaville.*] With reference to the 44th section, do I understand that, as a matter of policy, the Act cannot be deemed to require alteration?—I think that the effect of the Act is to sanction exactly what has taken place. The control is powerless after the 31st May. Whether it is desirable it should be so or not I express no opinion, but, strictly, it is powerless after the 31st May.

38. The control is powerless after the 31st May?—Yes; that is to say, within the limit of the balances.

39. You have also said, in your memorandum, that payments after the 31st May, by your reading of the Act, are clearly and distinctly illegal?—That is my view. The illegality, I think, is always covered by the resolution subsequently passed by Parliament. I considered myself bound to pass all the credit requisitions since the House passed the resolution.

40. But not to pass them without that?—Not without that, because I should have had no parliamentary authority for the expenditure.

41. You do not say that the present system is a satisfactory one, which allows the issue of a large sum of money, say £800,000, on the last day money can be issued, although you consider the paying of money after the 31st May is illegal—do you not think the Act requires alteration?—I did not say that. I said I expressed no opinion on the subject. It is a matter entirely for Parliament to say what restrictions it thinks right to place on the Government. I look upon it that that is the effect of the Act as it now stands.

42. With reference to the 44th and 45th sections of the Act, providing for unauthorized expenditure: "The Audit Office shall, upon such requisitions, from time to time issue orders for the payment of vouchers in excess of or without the appropriation of Parliament." If an attempt is made under that section to induce you to pass an account which is not only in excess of or without appropriation of Parliament, but contrary to an existing statute, would you feel that it was your duty to pass that?—It has always been a matter of doubt upon my mind that has never yet been decided. I should be very glad to have it decided. The practice hitherto has been that the Audit has no control at all over the unauthorized expenditure. The Government may do what they like with it. The meaning of the unauthorized expenditure is virtually that the expenditure is relegated to Parliament for its authority. It is taken out of our hands and relegated to Parliament; but I am not prepared to say that the very strict interpretation of that would not entitle us to refuse to issue, even as "unauthorized," when there is a distinct prohibition on the part of the law to the payment of money in a particular way. I do not express any opinion on the subject, but I think it is one of the doubts which had probably be better cleared up.

43. You think the Act might, with advantage, be made more clear on that particular point?—Yes; that is to say, if Parliament would wish to restrict the Government to that extent, I think words should be put in to that effect; but, if it does not, I think the Act may stand as it is.

44. *Hon. Major Atkinson.*] Would you give us an instance of what you mean by the payment of money being forbidden? In the case of a member of Parliament being a member of a Waste Lands Board, if the law forbids, as it does now, a sum exceeding £50 in a year, would you have such moneys on requisition under this clause to be charged against unauthorized?—As far as the control is concerned it would be a great godsend to us if Parliament would put its views into much more distinct language. Nothing gives us more annoyance than that one question with regard to members of Parliament and Commissions and Waste Lands Boards. The words of the Act are that these gentlemen shall be allowed the money "actually expended" in travelling expenses—actually expended. Well, they practically do not take the trouble of keeping their under bills—of course, if we limit them to actual expenditure, we require vouchers for all expenditure, and this is a great annoyance to them. Therefore they always endeavour to convert it into an allowance of, say, £1 a day. Commissioners and members of Land Boards want to have so much a day for travelling expenses. That is clearly not in accordance with the law. The law says, "travelling expenses actually incurred." We have fought against it as far as we possibly could, but we are obliged to pass the payments. At the present moment the question of payments to members of Land Boards is a constant irritation and annoyance. As to the question of payment to members of Parliament, the whole matter has been relegated to the Speakers of the two Houses, and we never inquire into it at all. If the Speaker says that the expenditure is according to law, we do not question it. It is not only an annoyance, but amounts almost to public indecency, being brought into constant collision with members of Parliament. There was one case I remember—an exceedingly hard case—in which we were obliged to refuse expenditure incurred through a member being kept four days by the rising of the rivers when going to the West Coast. He had no bills, no sub-vouchers, and we could not pass the account. I expressed my opinion very strongly that he was entitled to the money, but he could not show that he had expended it; he had no bills, and he never got the money. I think that is an actual prohibition—providing that actual travelling expenses only shall be paid.

45. In your opinion the Act ought to be made more clear on that?—I wish it was all commuted into travelling allowance, and then there would be no dispute at all.

46. *Mr. Dargaville.*] With reference to the sum of £100,000 allowed for unauthorized: from your experience of other places, is it not a large sum in proportion to our expenditure to be allowed as unauthorized during the year?—It is the same as New South Wales, but slightly different in form. There it is put in the form of an advance to the Colonial Treasurer. It is virtually the same sum: but in New Zealand it is £200,000 practically, because there is £100,000 in each financial year. If, after the 31st March, the Government desires another £100,000 as unauthorized, they can take it, and carry on until Parliament passes the Appropriation Act. After that the whole of the unauthorized spent up to that time is included in the Appropriation Act, and transferred to the proper votes. Then they get another £100,000 immediately after; so that during part of the year, up to the time of the passing of the Appropriation Act, there may be £200,000 of unauthorized expenditure outstanding.

47. And immediately after the rising of Parliament another £100,000?—Immediately after the rising of Parliament there is no unauthorized expenditure. The account has been closed by transfer to the votes just passed.

48. It is possible for the Government to draw as much as £300,000 within fifteen or sixteen months, as the law now stands?—No; there can never be more than £200,000 outstanding: the £100,000 on the former year, and the £100,000 after the 31st March.

49. With reference to the form of our Appropriation Act here, the votes are in large sums under each department. The practice in some of the colonies is that the estimates are affixed to and form part of the Appropriation Act. Does it not afford an additional control to have the estimates incorporated with the Appropriation Act in that way?—Yes. Of course, it would oblige us to keep a separate account of expenditure for each item, as well as under each vote.

50. And to see not only that the vote is not exceeded in amount, but the items as voted by Parliament are applied to the purposes for which they are voted?—Yes. The practice in other colonies varies. In one colony the votes are very much detailed: there are several hundred votes. In Victoria I think they take the whole vote, and items and sub-items too.

51. That is in New South Wales, I think. In Victoria I think you will find that the estimates are part of the Appropriation Act, but in New South Wales it is not so?—In some other colonies the estimates are part of the Appropriation Act, and it was so in New Zealand until within the last ten years.

52. Are you aware of any reason why that practice was departed from?—No, I am not. I think it was to bring the New Zealand Appropriation Act more in conformity with the English Appropriation Act. The estimates form no part of the English Appropriation Act.

53. It has transpired recently that on one occasion the Treasury was able, by the withholding of a certain account from London, to expend a larger amount than was appropriated for immigration purposes in the year 1875. Is there no provision under the Public Revenues Act by which the control could force these accounts to be charged against the vote?—Not at that time; but in consequence of this transaction the law was entirely altered in the same year. Such a transaction could not occur now. The matter was all before Parliament at the time, and Parliament altered the law in 1875. All imprest must now be charged to the vote when issued on imprest. The question is therefore settled for ever.

54. It was stated that, with the assistance of the Controller, the Treasurer was enabled to evade the law and to spend illegally £150,000, by the suppression of certain vouchers; that is to say, by withholding certain accounts to be charged against a vote. You say that, under the present Act, such an evasion as that is impossible?—Certainly.

55. Could you give us the particulars of the case?—The case was this: The Government, relying on a certain interpretation of the Acts appropriating the loans from 1870 to 1874, incurred expenditure in England on immigration which they considered to be within the appropriations. The Audit Office took a different view, and the issuing balance on the Immigration vote in the Audit ledgers would not cover the expenditure or permit of further issues. The Treasury, after much discussion, accepted the Audit reading of the Acts. At that time (1875) expenditure in England was not under control at all. The money was in England, and the Agent-General spent it under instructions from the Government. The Audit knew nothing about it till the accounts came out. In order to leave the balance in the Audit book as it was, available for future issues, the Treasurer determined not to send up the Agent-General's accounts to audit till Parliament met. The Audit could do nothing whatever in the matter. The statement, therefore, made by the Hon. the Colonial Treasurer in Parliament that, as reported in *Hansard*, "with the consent and assistance of the Controller public money was spent to the extent of £150,000, without the authority of this House," conveys the impression that the Controller was guilty of violating the law and neglecting to fulfil his duty. Such is not the fact, as the Parliamentary Paper, B.-6, Appendix, 1875, conclusively proves. I was, of course, aware of the course Government proposed to adopt, the whole matter being discussed for some time; but I had no duty whatever in the matter, and no means of obtaining the accounts in question. I only stipulated that the correspondence should be submitted to Parliament, which was done. The fact that the law was altered the same session, and the control extended to moneys in England, and the Controller's order made necessary to the issue of money from the London bank, so that any expenditure must be charged against the votes before it could take place, sufficiently proves that, in the opinion of Parliament, the over-expenditure did not arise from any defect in the Controller, but from a defect in the law itself.

56. With reference to the operation of the 50th section: "If the Audit Office declines to pass any issue or credit requisition on the ground that the charges therein are not according to law, the matter in dispute shall be determined by the Governor in Council, having before him the opinion of the Attorney-General thereon; but the objections of the Audit Office shall, together with the opinion of the Attorney-General, be laid before Parliament. Does not that clause operate so as to supersede your control absolutely?—Absolutely.

57. Are you aware that such a provision as that exists in any of the other colonies or elsewhere?—There is no control anywhere except in Victoria, and I do not remember any such clause in the Victorian Act. I will look it up and tell the Committee, but to the best of my belief there is no restriction to the control of the Commissioners of Audit.

58. *The Chairman.*] It was the practice in Victoria formerly to issue a monthly warrant, and to pay the money over to the head of the department, authorizing the bank to honour his cheques?—They pay the money over to the Sub-Treasurer of each district.

59. *Mr. Dargaville.*] This means that the Ministry of the day may supersede you virtually, and withdraw moneys from your control. Do you know of any other colony or place where such a power is given?—No; it is not the case in England.

60. The 16th section says, “The Treasury may from time to time agree with any bank upon terms and conditions for the receipt, custody, payment, and transmission of public moneys within or without the colony, and for advances to be made under the authority of this Act, and for the charges in respect of the same, and for the interest payable by or to the bank upon balances or advances respectively, and generally for the conduct of the banking business of the Government; but no such agreement shall be made for a period of more than one year unless it contains a provision that the same may be terminated any time after a notice of not exceeding six months.” I see the word “bank” is in the singular there. Would that section as it stands empower the Government to deal with more than one bank, or an association of banks; or does it not limit them until the section is altered to dealing with one bank?—If you refer to the interpretation clause, the work bank is defined, “‘The bank’ means any bank in which the Public Account is appointed to be kept as provided by this Act.”

61. This Act provides that “any bank”?—I think it would cover any banks.

62. “Interest payable to the bank?”—Each bank would be “the bank” within the meaning of the Act.

63. Without altering the interpretation or construction of this Act?—I think so. It was held to be plural, for Sir Julius Vogel advertised for terms from all the banks.

64. Yes; but not under this Act?—The same terms were used in the former Acts. The wording comes down from the Act of 1867, I think.

65. *Mr. Peacock.*] I understand you have indicated, as the result of your experience in the various colonies, that our system of control and audit is superior to that in any other colony?—It is far more minute.

66. You think there is better control?—I think our control has one great advantage. It enables the public accounts to be published at a much earlier period than in any of the other colonies. The public accounts here may be published within a month—in two or three weeks, in fact—from the end of the year. It enables us to audit the public accounts, for the quarter or year, within two or three hours. Under the old system it took more than twelve months after the conclusion of the year. Of course, the accounts being pre-audited, no audit is required, except to see that the balances in the printed account are the same as the balances in our books. That is the great advantage of it.

67. I understood you to state that there was nothing to hinder the Treasurer drawing out upwards of £800,000 on the 31st May? I should be glad if you would explain to me how that comes to be, considering subsection (a) of section 9 of the Act of 1882, which states that “Payments in respect of any service shall not exceed the amount of the unexpended balance of the vote for such service provided in the Appropriation Act for the year or period immediately preceding, together with an amount equal to one-sixth part of the total of all salaries, pay, wages, allowances, mail contracts, rents, and other recurrent charges, and of all ordinary contingencies of any office or department provided for by the aforesaid vote, and set forth in the estimates relating thereto; but no payments shall be made for any services other than those for which provision was made in the aforesaid Appropriation Act and estimates, or in excess of the scale therein set forth.” I understood that this £192,000 was the whole of the unexpended balances?—No; the unexpended balances were over £867,000. The £192,000 was only so much as the Government thought it wanted for the fortnight till Parliament met. It was the enormous votes under the Public Works Appropriation Act of 1882 which ran the balances up so largely. £600,000 or £700,000 which had been voted the previous session under the Public Works Appropriation Act had never been spent.

68. In the event of the Treasurer having made application for that money a fortnight preceding the 31st May, or even a month preceding, what difference would it have made as far as control is concerned?—None whatever. We should have issued it.

69. Would there have been any ground for taking exception to it if application had been made in the early part of May?—No more than we should have said, You cannot possibly expend this money, because we know what the average expenditure is. We should have had no power to refuse.

70. That is, it would have called for no remark if these moneys had been requisitioned for issue or payment in the beginning rather than the end of the month?—No; except we should have remonstrated as we did, and say, You are drawing money you cannot expend. That is all we could have said, and we think it was our duty to report it to Parliament.

71. I presume the probabilities are it would not have called forth any special remark?—I think it would; that they were taking an unusual step to do an obviously illegal thing; but we could not have refused it.

72. Will you explain wherein your control was done away with by the taking of these moneys altogether at that date rather than at an earlier stage?—On the face of it, it was a conversion of the whole system from pre-audit payment to payment before audit. All vouchers are first passed by the Audit, sent down to the Treasury for payment, then put in the requisition, and come up to us again

in support of the requisition; and, therefore, we issue money to pay particular vouchers we have already audited. But, with regard to an imprest, it simply comes up one voucher for the imprest, and we should have seen in a moment that this large imprest was not the usual imprest required for, say, the constabulary or the railways, the necessary amounts of which to be issued from time to time we know as well as the department, and we should have seen at a glance that it was intended to make all payments out of imprest. We should have remonstrated, and stated that that was not the intention of the Act, and that we should have to report the matter to Parliament.

73. It is your duty to see that the amount of the money is at the credit of the vote, and that it is issued for the purpose and expended under that vote?—Yes; and issued upon actual vouchers.

74. Would you have control over the moneys got out on the 31st May to see that a portion of one vote was not applied for the purposes of another vote, and that one vote was not exceeded in that way?—The votes could not be exceeded. Any excess would be charged to unauthorized.

75. With regard to this interpretation of what is meant by payment, has the Treasurer any control over these moneys when paid to the imprestee?—The imprestee has to account to the Treasurer. The imprestee discharges himself by sending up receipted vouchers for the way he has expended the money. He sends them up to his department in order that the vouchers may be authorized by the Minister. If the imprestee has expended the money wrongly, the Minister would refuse to send it on at all to us. We should know nothing about it. On our books then the imprestee would owe so much money, not lessened by the amount which the Minister had disallowed, and at the proper time we should order him to pay the balance back to the Public Account.

76. That is the ordinary way things are done, but, in that particular case, if the money was drawn out of these unexpended balances, and was authorized by your department, would the Paymaster-General, as imprestee, deal with it in accordance with the demands of each vote; would the Treasurer still have control over it in that particular case?—He would have to sanction the whole of the expenditure. The vouchers would all have to come up through him to support his credit requisition.

77. It would still be under his control?—Under the control of the department having the control of those votes on which the money was issued in the first instance, and would have to be sanctioned by the Minister in charge of the department.

78. *Mr. Wright.*] You stated that about one-third of the total payments were necessarily made in imprest?—I fancy it approaches to that.

79. Could you say how much of the large sum of £192,000 referred to was for payment necessarily under imprest?—No. I could easily let you know by referring to the books.

80. Had this payment been withheld, would not considerable public inconvenience have arisen, in so far as officers of the departments and men of the railway service would have been without receipt of their wages?—I should think so.

81. There would have been great public inconvenience?—Very great I should say. A great many people would not have got their salaries.

82. You stated that the issue of this £192,000, although not an infringement of the Act, was in your opinion an evasion of the law?—The issue was not actually contrary to law.

83. And there was no evasion?—I think it was an evasion, because it was an issue made for the purpose of doing an illegality.

84. Knowing that the Governor in Council could issue this money, was it not your duty to have refused if you felt that an illegality was being committed or was contemplated?—I think we should have been justified in refusing, although I think we were technically right in issuing; but, in fact, I did not think of the other process at the time.

85. As a matter of fact, could not the Government immediately after Parliament rose withdraw the whole of the unexpended balances of the votes?—No; there are two limits. In the first place we should not issue any money unless it was in the bank—cash in the bank; and in the next place we should not issue unless it was standing to the credit of the ways and means account of the funds. There are these two limits: the money in the bank, and the money to the credit of each fund; beyond that we would not go under any circumstances whatever.

86. But, subject to the fact of money being in the bank, could not the Government withdraw the whole of the votes unexpended by way of imprest, and not be limited to the balances unexpended at the end of the financial year?—That is so.

87. That being so, will you state how it is that you consider that the power of the Controller is avoided after the 31st May, and not avoided before that period, if the Government could withdraw the whole of the votes immediately after Parliament was prorogued. Practically you have no control at any time so far as to withdrawal by imprest, subject only to the fact of its being in the bank?—We should of course call on them to account for the imprest, call on the different imprestees to account, or the one imprestee to account. We could pass the accounts before the 31st May, relieving him, and charging the expenditure to the proper votes; but I do not know what we could do if he refused to account.

88. And yet you stated, in your opinion, you do not see in what way the Act could be amended?—Pardon me; I said I did not think it was part of my duty to suggest in what way it could be amended. It depends entirely on what Parliament thinks should be the limit of the restraint put on the Government. But I do not know what the intentions of Parliament are. There is no question at all that the whole purpose of the Act might be evaded at present by the imprest system.

NOTE.—*Mr. Fitzgerald* wishes to add the following to the answer given to the Committee:—"Except by compelling him to account by prosecuting him for the penalties provided by the Revenues Act."

89. And had you felt satisfied that any illegal expenditure was contemplated by the withdrawal of the £192,000, manifestly it would have been your duty to have refused the issue?—No; I only repeat what I said before. I think we might have been justified morally in refusing, but I do not think legally we were required to refuse.

90. Looking to the fact of the public inconvenience which would have resulted from your action, did not that influence you in passing this amount?—I should not have looked to that at all. It was no business of mine. I should like to mention a way in which frequently the control has been not only evaded but absolutely frustrated by the Government. A voucher is sent up to issue money for a certain purpose. We have sent down to object to it for some reason or other; the Government writes upon the voucher, "To the Cashier of the Treasury: Pay this." If we have even refused to issue money to the imprestee for some reason or other until we have made some further inquiries, the Government have evaded it, by saying to the cashier, "Pay the money."

91. And the cashier is bound to pay it?—Yes; he always has a small imprest of £1,000 or £2,000. In that way the pre-audit is frustrated.

92. I should be glad if you would explain the statement made in the early part of your examination, and that is, would there not be an irregularity in spending money under Vote 4, that was applied for and issued under Vote 3?—No; we might call it an irregularity. It is constantly done, and must be done, for the public service.

93. The Votes 3 and 4 being in the same branches of the service?—Yes; and even in different branches.

94. It is customary in the Public Works Estimates to take a vote for a very large lump sum in connection with railways for additions and alterations, say, for the Hurunui-Bluff. For instance, you may find in last year's estimates, I think, £212,000 voted without being specially appropriated to particular works. Do you think that a desirable practice?—From one point of view it is most undesirable. I think the practice followed in New South Wales, where the votes are very detailed, is a much better one; but in practice it has been found that, where the votes in the Public Works are not sufficiently comprehensive, the department has great difficulty in making up the accounts, and often makes them up at first wrong, and has to make a great number of adjustments to get them right. For instance, "rails." They have spent money, say, on rails from Christchurch to the Bluff, but on which small section they have been used is matter of very great doubt until the whole account comes to be cleared up; and I know that a number of transfers occur from one vote to the other subsequently.

95. On the other hand, do you not think it would tend to economy in the department if they were compelled to estimate beforehand their special requirements, and have the money allocated to particular works?—So it would. But there is a great difficulty about rails. Rails come out to a very large order from England, and they must be charged to some vote, and yet the department does not know at the moment where they will be used, and so, where there is a vote for each section, they may be charged to one vote, and have to be recharged to other votes when expended in other places.

96. Doubtless, so far as the rails are concerned; but, apart from that, is not great latitude given to the Public Works Minister in dealing with this large grant under the particular form of the appropriation?—Very much more than is necessary in other branches than railways. For instance, in the Miscellaneous Vote in the Public Works there is often included in one vote, say £2,000, for a bridge in Southland, with £3,000 or £4,000 for something at the Thames or Auckland. Under the Miscellaneous Vote the Government are perfectly at liberty to spend the vote in Auckland for works elsewhere. As to those miscellaneous votes, my opinion always has been that they ought to be broken up and made into separate votes. The Miscellaneous Public Works Vote is a most mischievous one.

97. *Mr. Barron.*] You have said that it would have caused considerable public inconvenience had the Government adopted any other course than that which they did take?—No; great public inconvenience if the money had not been paid.

98. Just so. Of course it is no business of yours to take into consideration public convenience. Your business is to see that the law is observed and complied with; and as to public convenience that is a question for the Government?—Yes.

99. And the breach of the law, as well as any public inconvenience—if any public inconvenience had arisen from observing the law—could have been avoided by the Government calling Parliament together earlier?—Perfectly.

100. *The Chairman.*] In Victoria, for instance, where they have no unforeseen or unauthorized expenditure, have not the Government power to transfer from one item to another item under the same subdivision or under the same vote?—They must have unforeseen expenditure. I forget at this moment exactly, but I will look it up and inform the Committee.

101. I think you will find they have power to transfer from one subdivision to another item in the same subdivision?—I think they have a vote for contingencies. I will look it up and let you know.

102. *Mr. Montgomery.*] There are recoveries in the shape of receipts paid to the credit of an account. Can these be again paid out without appropriation?—They are appropriated by the Public Revenues Act, and the estimated recoveries are abated on the votes in the estimates.

103. So that it is an appropriation, in point of fact?—That has not been done before this year. It is very large in the railways. I suppose the railways do £20,000 worth of work a year for other departments.

APPENDIX

MEMORANDA for the COMMITTEE on PUBLIC ACCOUNTS.

No. 1.

In reference to a question which was asked me by the Committee as to the practice in force in other colonies as to unauthorized expenditure, I have the honour to submit the following:—

New South Wales.—A vote is taken annually of £100,000, “to enable the Treasurer to make advances to public officers, and on account of other Governments, and to pay expenses of an unforeseen nature, which will afterwards be submitted for parliamentary appropriation. The whole amount to be adjusted not later than the 31st December, 18—.” The expenditure is included in supplementary estimates of the following year.

Victoria.—A small vote of £6,000 (formerly £10,000) is taken for unforeseen expenditure. A vote is also passed for £100,000, “to enable the Treasurer to make advances to public officers and others.” But this amount is abated on the total amount of the estimates. Votes are taken for it in the following session; and the accounts are not submitted for audit till such votes are taken.

Queensland.—No vote is taken; but the Auditor-General reports to the Governor that there is no provision for the expenditure; and the Governor’s warrant is issued by Order in Council to pay “notwithstanding.” The expenditure is included in the votes of the following session.

South Australia.—“In all cases where the expenditure exceeds the vote, or where any other departure from the regulations is involved, the signature of the Chief Secretary, ‘By command,’ shall be required as an approval of the account, in addition to that of the Responsible Minister in whose department the expenditure arises; and every such departure from the regulations shall be promptly communicated by the Auditor-General, through the Chief Secretary, to the Governor for his sanction in Executive Council.” (“Audit Act, 1862,” section 7.) The expenditure is authorized by Order in Council, and voted in the estimates of the following session.

Tasmania.—Unauthorized expenditure is provided for by the general regulations in the First Schedule to “The Audit Act, 1877,” as follows: “It shall not be lawful for the Governor in Council to authorize any expenditure of public money for purposes not recognized or provided for by Parliament, unless in cases of emergency; but this regulation shall not apply to the cases of excesses in the details of establishments not being salaries.” This expenditure is authorized by a separate Appropriation Act in the following session.

7th August, 1883.

JAMES EDWARD FITZGERALD,
Controller and Auditor-General.

No. 2.

WHEN some questions were put to me the other day on the subject of the limitation of imprests, I forgot to state to the Committee that the amount of imprest unaccounted for was formerly limited by law. By “The Public Revenues Act, 1872,” section 9, this limit was fixed at £50,000 of the Consolidated Fund and £75,000 of the Special Fund (what is now called the Public Works Fund) within the colony. By the 19th section the Foreign Imprest Account was created for moneys in England, for which the Agent-General was to account monthly, but no limit was imposed. By “The Public Revenues Act, 1874,” the limit of imprest on the Special Fund within the colony was increased to £120,000. By “The Public Revenues Act, 1875,” these limits were again altered to £75,000 of the Consolidated Fund and £95,000 of the Special Fund within the colony, exclusive of the Foreign Imprest Account. By “The Public Revenues Act, 1876,” the limits of imprests on the Consolidated Fund was increased to £100,000. This Act expired after the next session, but the same limit was fixed by the pursuant Act passed in 1876, section 13. So the law stood till the consolidating Act of 1878, when all limits on imprests were abandoned. The Middle Island railways having come into the hands of the General Government in 1876, the large increase in the traffic and staff rendered it inadvisable to impose any limit on the imprests.

9th August, 1883.

JAMES EDWARD FITZGERALD,
Controller and Auditor-General.

No. 3.

In compliance with a return I was directed to make to the Committee, the following figures have been taken from the Treasury Accounts:—

Payments out of the imprest issued to the Paymaster-General on the 31st May, 1883:—

	£	s.	d.	£	s.	d.
Final charges—Salaries	34,122	4	11			
Contingencies	115,036	17	10			
				149,159	2	9
Advances to sub-imprestees—For wages	31,794	10	6			
Contingencies	11,153	4	6			
				42,947	15	0
				<u>£192,106</u>	<u>17</u>	<u>9</u>

10th August, 1883.

JAMES EDWARD FITZGERALD,
Controller and Auditor-General.