

bank would, of course, be very appreciable." I might with more reason retort that "the only thing which puzzles me is that," after making his recommendation, the practice should afterwards have so long been and still remain, to employ "the contemptible and old-fashioned machinery of the bank." Mr. FitzGerald could not have been so patient and persistent in perfecting and rendering practicable his really excellent suggestion, as he is in his attacks of my administration of the Public Trust Office under the legislation of 1891.

Twenty years ago I was present when the packing was taking place in the post-office of San Francisco, California, of mail-boxes with the gold coin which it was then, and is probably now, the practice of the State Departments to post in remittance to Washington, New York, and other cities, of the surplus balances of their cash. Large remittances were made in the same manner by private persons and firms; and the coin thus conveyed in the boxes by each mail often amounted to a million sterling and more. To my inquiry why the remittances were not made through the agency of one of Mr. FitzGerald's indispensable banks, I received the Postmaster's answer that, "In this country we don't trust the banks with all that money"; and he explained that those who had arranged this matter had taken the chances of robbery into account, with the result of the risk of loss by the employment of the banks having been estimated to be unquestionably larger than the risk of loss by the stoppage and plundering of the mail. "And," added the Postmaster, "they are right, I guess, in this calculation of risk." I have given, in my former memorandum, an indication of the enormous loss which New Zealand has suffered through Mr. FitzGerald's administration of his department under the present system of audit and control, by his unreasonable persistence in impracticable methods, and in rejecting every proposal not his own to abandon either the principle of pre-audit and control or the principle that there should be a direct remittance to the Treasury of all public money received and a direct remittance from the Treasury of all money to be paid. I speak of his rejection of every proposal not his own, because in his report of 1881 he himself proposes to abandon everything—pre-audit and control and banks. Well, I believe that if it were possible to prepare a reliable account showing what, in these colonies, may have been the profit and loss to the people from the employment for both public and private purposes of the services of our banks, such an account would not only be very interesting and profitable, but would show the balance to be, even in New Zealand, largely on the side of loss.

Now, to go regularly through Mr. FitzGerald's memorandum: He states that, "When Parliament resolved to establish such offices as the Insurance Office and the Public Trust Office, in which moneys belonging to private persons were placed in trust with the Government for certain purposes, it determined that such moneys should be deemed to be 'public money,' in other words, that the same security against their misappropriation should be applied to moneys placed in trust with the Government as to those payable to it by law." The conduct, however, of Public Trust Office matters under the control of Mr. FitzGerald, in his administration of the department on which Parliament relied for the "security against misappropriation," was such as to lead the late Royal Commission to declare that "The system of Government audit practised in relation to the business of the Public Trust Office has been in reality a delusion." I myself am, as I may repeat, convinced that this control largely contributed to bring the Trust Office into disrepute, and to render expedient the legislation necessary to the removal of that control. And I have related how Mr. FitzGerald, when I called his attention specially to an example of the general carelessness and neglect, through which—the Audit responsible—the accounts failed to include a large amount of stamped paper, himself confessed "These matters seem to have been managed with no conception of what is necessary to secure the department from fraud." In attributing my objection to the principle of his control and pre-audit and to the administration of his department to my "personal peculiarity" he makes a charge which I conceive to be a reflection on the public service generally, whose members must have been shocked even by the little that I have disclosed of the character of his attacks upon me, and by the story of their preparation. But if I really have such "personal peculiarity," if I am in fact the "solitary complainant," what did Mr. FitzGerald mean by stating, in his report of 1881, page 36: "So far it may be said that, on the one hand, the complaints against a pre-audit have been greatly exaggerated, and, on the other, that if the pre-audit were abandoned, and the system of cheques on the Treasury adopted, *provided the Audit were armed with sufficient power to enforce immediate attention to its calls for correction in the vouchers*, the control over the details of the expenditure would be little if at all weakened."

It is true that, "For nearly thirty years it has been the established policy of this colony that no public money shall be expended except under a certificate of the Controller-General that such expenditure has been authorised by Parliament; and this provision extends even to the Governor, who is forbidden to issue his warrants without such certificate." But that policy and provision have been found to be incompatible with the principal requirements of the public service. To the preservation, indeed, of the theory, is due the large additional amount of work which is entailed by the clumsy expedient of the imprest system of subverting the theory. And what does Mr. FitzGerald, in his report of 1881, himself say? ". . . The imprest system in New Zealand violates the principle of a pre-audit of payments." ". . . "The vital objection to this system, however," the system which Mr. FitzGerald was recommending, of cheques on the Treasury, "is that the Audit Office would no longer have the power, which it possesses under the present system, of refusing to issue money at all where the payment is contrary to law. What then has been the real effect of the pre-audit in maintaining this control? I think it must be admitted *that in no instance has any payment, proposed to be made by the Government, been prevented*. If, therefore, the whole matter is, after all, to be determined by the Government of the day, of what use, it may well be asked, is the machinery by which a control, based on a pre-audit of payments, is supposed to be maintained? Or, at all events, *is the pre-audit of such importance, and the control such a reality, that its preservation, in its present form, should be allowed to stand in the way of any simpler and more expeditious mode of paying the creditors of the Government than that at present in force.*"