

The Treasury contention was acknowledged by the Audit Office to be right in the abstract, though the charge against the Audit Office turned out to be one of assertion without proof and due inquiry. Another illustration of my meaning is afforded by the case in which I suggested to the Colonial Treasurer the adoption of an arrangement by which it appeared to me that economy and efficiency would be secured in the rendering of certain accounts. In that case the Colonial Treasurer indorsed the papers with the word "Seen" and returned them to me, and I understood him in doing so to be exercising a right within the province of the administration.

With regard to a proposal to consider whether the powers already possessed by the Audit Office should not be extended, I would respectfully submit that any legislation to overcome the difficulty which has arisen must be legislation introduced and promoted by the Government, to require the Government itself to do what it has failed or refused to do. If, however, compliance with the requisition is reasonably to be expected, legislation to enforce compliance would appear to be superfluous; while, on the other hand, if it is not reasonable to expect compliance, any proposal to enforce compliance would be a proposal carrying its own rejection.

I may perhaps be permitted here to refer to the representations which I have made time after time respecting the penalties incurred for breaches of the Stamp Act in failures to duly stamp receipts and orders. These penalties appear to me, as I have pointed out, necessary to the protection of the revenue, but they would seem to have, in all such cases as have led me to make my representations on the subject, fallen into disuse, or become a dead-letter. The importance of the matter is that any consequent sacrifice of stamp revenue may be at the expense of those who pay taxes in other ways than by means of stamps. I have repeatedly pressed the suggestion on the Treasury, and pressed it in vain, that all public servants should be specially informed of the provisions of the Stamp Act, and required to see that their transactions may be in conformity with those provisions, and warned that the penalties would be enforced. Yet it was but a few weeks ago that the question was submitted to Cabinet whether a voucher bearing a receipt not duly stamped should be passed; and the decision of the Cabinet was, "Payment approved," though of course the law could not be overridden in this way. On another occasion the Stamp Department itself arranged that a receipt should be written again so that it might be lawfully stamped with the duty of one penny, and did not proceed for the penalty on the ground that there was no fraudulent intention, though the penalty is not subject to any such condition. I propose again to most respectfully urge upon the Colonial Treasurer the expediency of adopting my suggestion; and if in his judgment the penalties should not be strictly enforced he will doubtless consider whether the correspondence of the Audit Office with the Government and its departments on the subject should be made public.

J. K. WARBURTON,
Controller and Auditor-General.

No. 14.

The Controller and Auditor-General.

I AM desired to state, in reply to your memorandum of the 23rd instant, that the Colonial Treasurer does not think it necessary to pursue the subject of the qualifying addition made to your certificate attached to the quarterly accounts of the colony. His opinion as to its being quite unnecessary remains unchanged.

In the memorandum now under reply you have chosen to include subject-matter entirely foreign to this correspondence.

The Colonial Treasurer ventures to express the surmise that the extreme attitude taken up by the Audit Office, and the frivolous objections raised in the matter of the failure of some few individuals to affix a penny revenue stamp to official documents, or to have such stamps cancelled in strict accordance with the law, will not redound to the credit of the Audit Office.

It must be abundantly clear that in the conduct of an enormous business, such as that of the Treasury, there are certain to be occasions when, in the interest and furtherance of the public convenience, reasonable compliance with the spirit and intention of the law may be accepted, without insisting on strict observance of the letter, so long as the revenue does not suffer. In this connection, I am to point out that section 61 of "The Stamp Act, 1882," whilst indicating specific modes of cancellation of receipt stamps, provides that it shall be sufficient if "it is otherwise proved that the stamp appearing on the instrument was affixed thereto at the proper time."

The Colonial Treasurer is further of opinion that a discretion should be exercised in enforcing the penalty provisions of the Stamp Act, and to do otherwise when the omission is not wilful, and the revenue does not suffer, would savour of persecution.

Treasury, Wellington, 27th October, 1897.

JAS. B. HEYWOOD,
Secretary to the Treasury.

No. 15.

The Treasury.

Audit Office, 28th October, 1897.

I REGRET that the Colonial Treasurer is unable but to express himself unchanged in the opinion that the addition to my certificate appended to the quarterly accounts is unnecessary; but my respect for the Colonial Treasurer makes it difficult for me to assume that the memorandum in which his decision is conveyed to me has received his deliberate consideration and approval.