

78. I presume you are aware that in the previous year Parliament gave £150,000 for "Unauthorised," and this year, notwithstanding the increased expenditure, of which I presume you also are quite aware, by your action you have practically cut down the "Unauthorised" to £50,000. Is that not so?—The circumstances of last year were exceptional, I think. The limit was increased from £100,000 to £150,000. I know nothing about cutting down the "Unauthorised." I have required that expenditure which could not be made except as a charge to the Unauthorised Account should be so made.

79. Here is a department—the Railway Department—spending millions of money, and is it not the fact that, if the Government had not found the means of averting such a calamity, the 4,500 workmen in the employ of the Railway Department would have gone without their wages through this red-tapeism, this veneration for the technicalities of the Audit Office?—I think it is through the fault of the Administration, in drawing upon their appropriation for "unauthorised expenditure."

80. *Rt. Hon. R. J. Seddon.*] Was it the department or you that locked it up?—The department committed the error, I understand from yourself, of transferring £50,000, instead of raising it by loan. That I understand your explanation to be.

81. *Mr. Fisher.*] In your evidence on Friday, I understand, you mentioned the alternative of calling Parliament together to meet the circumstances that had arisen. Do you seriously mean that?—Hardly those words. I said an accident of the kind might have taken the whole of the "Unauthorised expenditure." That is to say, it might have been £100,000 instead of £50,000, and there would have been nothing left for "Unauthorised expenditure"; and the question for the Government might have arisen whether the House should be called together or payment stopped.

82. Then, if, by the interposition of what you are pleased to call an accident, the whole of the £100,000 for "Unauthorised" had happened to be stuck up in the Treasury through the observance of the strict technicalities of the Audit Office, and the money had been refused, would not the salaries of the employes have been stopped?—If there is a fault it is not in the Audit Office; the fault is in the statute.

83. Is not that carrying a technicality to a ridiculous degree?—I do not think the Audit Office should be called upon to bear the fault of the Administration.

84. The question in issue is £15,000: would calling Parliament together cost £15,000, do you think? Would four times £15,000 pay the cost, do you think?—I do not know.

85. Does not this sale of material by the Railway Department obviate the cost of calling Parliament together?—I could not answer that question.

86. Did you suggest any other way in which the exigencies of the moment could be met?—No; the only remark I made was that the Audit Office could not bear the brunt of anything of the kind. It is a matter of administration. The fault is in pre-audit. If there was a post-audit, the money could be issued to the Government, and the Administration might take upon itself, feeling itself justified in a case of surprising emergency, to take an exceptional course, and itself to report to Parliament. Besides that, the Audit Office, with authority to make a report on all transactions, would report the matter; the Government would report also.

87. Now, I ask you this final question: Leaving out the injury done to the Government, which appears to me to have been the object aimed at, by the unauthorised publication of your report in all the Conservative newspapers of the colony, I ask you, Has the colony in any degree—even in the least degree—suffered loss from this transfer of material from one department to another?—I cannot answer that question. The only question to me is the legality of the transaction.

88. *Mr. Montgomery.*] As Auditor, your main duty is to see that the law of the land is complied with, is it not?—Yes.

89. And if it is not complied with to report to Parliament?—Yes; in connection with the accounts.

90. Do you know of any ground for the insinuations that have been made about members getting information from the Audit Office?—I do not know of any. I believe the Audit Office is as close as any office—more so than any I have had experience of.

91. Would you say that a transfer of material merely in order to raise money and with the intention of re-transferring was legal?—I have already stated in the correspondence that if I had known that the re-transfer was contemplated of the material without a re-transfer of money I should not have passed the transaction. In my opinion, it would have been illegal.

92. In the correspondence you have frequently asked for explanations from the Treasury. Did you ever get any of the transaction?—Which one do you refer to particularly?

93. At page 11 (B.-22, 1898), down towards the bottom of the page, the Audit Office "begs leave to draw the attention of the Treasury to the matter, and to ask that the Audit Office may now be furnished with whatever explanation the departments responsible for the transactions in question may be able to afford the Audit Office respecting them." Did you ever get an explanation in writing?—No. The only explanation I received was what the letter of the Colonial Treasurer of the 8th October may be taken to carry.

94. That is not an explanation?—It is not the explanation I expected.

95. It is not an explanation at all, is it?—No; it is a withdrawal of the transaction.

96. Verbally, were you given an explanation of the transaction?—No.

97. Do you say that up to the 15th September you received no intimation on this subject? Was the matter ever explained properly to you up to that date?—Except the explanation which the Colonial Treasurer gave, and which I referred to at the last meeting.

98. That is when he pointed out the difficulties he had been in?—Yes, that he had been deprived of the £50,000.

99. Did he then say that he intended to raise the money by selling stores?—The transfer before him was a sale of stores. On page 3 his answer there is: "This is purely a question of administration." That is his answer on the proposal to sell.