

20. When was the Governor's Warrant issued?—The Governor's Warrant was issued on the 21st June.

21. Is it not the 23rd?—No, the 21st. It was forwarded to the Audit Office on the 23rd June.

22. What I want to get from you is this: If it is alleged that your action imperilled the credit of the colony, is there any substantial ground for such a statement?—I think not; none whatever, I should say.

23. You hold, then, that the Treasury, in desiring to pay the money out of Foreign Imprest, desired to do what was illegal; is that your opinion?—Out of General Imprest, you mean. That is my opinion.

24. If the Treasury, then, is indorsing what you consider an illegal payment, with whom is the responsibility—with you, or the Treasury?—With the Treasury; for this reason: When that telegram was received by me on the 13th June, 1902, I referred it on that very day to the Treasury, as you will see from paper No. 2 in the correspondence. I said, "In any case, the expenditure is unauthorised, and it is therefore suggested that the Treasury should provide forthwith for the payment by bank order."

25. Can you account for the Treasury declining to pay, upon your suggestion, out of "Unauthorised"? Was there any reason for it?—I do not know of any reason. It may perhaps have been that the unauthorised expenditure at the time was high. But I presume their reason was their understanding of the law, on the advice of the Solicitor-General. He advised the Treasury, as I understand him, that the provision for unauthorised expenditure was a vote, and could be treated as a vote; whereas the Audit Office contends that sections 47 and 48 of the Public Revenues Act must first be observed before any unauthorised expenditure can take place.

26. You know of no reason why the money could not have been paid out of "Unauthorised"—I mean to say, the limit of "Unauthorised" had not been reached at that period?—I think not, at that period.

27. It could have been paid?—So far as I recollect, the limit of "Unauthorised" would have allowed of its being paid at that period. There has always been a desire at the end of a year or a June quarter to husband the "Unauthorised."

28. *Mr. J. Allen.*] Following the question that Mr. Fraser asked with regard to the unauthorised expenditure: You referred to sections 47 and 48 of the Public Revenues Act of 1891—would you explain what those two sections are?—Section 47 reads as follows: "Whenever it appears necessary for the public service that money should be expended in excess of or without the appropriation of Parliament, the Minister for the service of whose Department such expenditure is required shall make a statement in writing setting forth the reasons rendering such expenditure necessary, and shall submit the same to the Treasury, and the Treasury, if it approves the same, shall send it, together with the requisition, to the Audit Office." Then section 48 reads: "The Audit Office shall, upon such requisitions and statements, from time to time issue orders for the payment of vouchers in excess of or without the appropriation of Parliament, to an amount not exceeding in the whole one hundred thousand pounds in each financial year."

29. The amount is now £150,000, by an amendment since made?—Yes; by the Act of 1900.

30. Do you know whether that amount was reached at that time?—I do not think it was quite reached at that time.

31. Then, there was no reason, on account of that amount being exceeded, to get behind the provisions of "unauthorised expenditure"?—The Audit Office could not say so.

32. Were the reasons as set forth in section 47 reported in writing by the Minister?—They were not to my knowledge.

33. Was there any vote of the House for such a service?—No.

34. Was there any authorisation in any special Act for such service?—No.

35. Was there no authorisation by Parliament at all for any such service?—No.

36. Would you explain to us what this General Imprest Account is?—Sections 62 and 63 of "The Public Revenues Act, 1891," explain the position, I think. Section 62 provides "For payment of all other claims upon the Government"—that is, except charges of the public debt of New Zealand—"in the United Kingdom, the order on the bank shall be in the form in the Ninth Schedule, and the bank shall transfer the amount named therein from the New Zealand Public Account to a separate branch of the same, called the 'Foreign Imprest Account'; and all sums so transferred shall be deemed to be imprested to the Agent-General." Section 63 reads, "All sums transferred to the Foreign Imprest Account shall be charged so far as possible against the votes, but moneys may be issued by way of general imprest of which the balance unaccounted-for shall not at any time exceed sixty thousand pounds."

37. Will you explain that—I mean in reference to this payment?—The objection of the Audit Office is that the moneys issued by way of general imprest under section 63 are moneys applicable only to the payment of expenditure chargeable to votes, but which votes the money so issued may not be charged to.

38. What about the £60,000?—The £60,000 is money applicable to the payment of votes, though not charged to the votes.

39. I do not quite understand that?—Perhaps I had better put it in another way. A "vote" is defined in the interpretation clause of the Public Revenues Act as follows: "'Vote' means any sum of money appropriated to the public service by the annual Appropriation Act or any other Act sanctioning the expenditure of public money."

40. Yes, that is a vote?—Now, by reference to section 78, it will be seen that unauthorised expenditure does not come within the meaning of a vote. The second clause of that section provides that "Moneys expended as unauthorised expenditure under the provisions of this Act, if not sanctioned by Parliament in the session in which the account of the same is required to be rendered." That section makes it clear that unauthorised expenditure is not expenditure sanctioned by a vote.