

entry being made except as against "unauthorised." The term "unauthorised expenditure" may mislead the Committee; in this case it simply means "payment in excess of vote," which the law treats as "unauthorised expenditure." The appropriation admitted by Audit for the June quarter (three months) — *i.e.*, one-fourth of the year's appropriation and advances outstanding — was £20,864, against which we brought forward a charge of £10,743, imprest advance in the hands of the Agent-General, and before the end of April we had sent Home further orders to the Agent-General on account of stores amounting to £10,926, thus overdrawing the vote by £800. This was the position we found ourselves in when the vouchers reached the Treasury for entry, and we held them back for a more favourable opportunity. As to making use of moneys which did not come out of the Public Works Fund for public-works purposes, it happens that the Post Office, as well as other imprestees, pay moneys for services other than for which they receive advances, and adjustment is necessary when the vouchers come in for entry—in fact, as we get them from time to time we adjust them and charge them in their proper place. I suppose, myself, that as this is inevitable we ought to get the law altered so as to obviate the difficulties. The Controller and Auditor-General is here, and I think he will be able to tell you that as I have put the matter to the Committee is really the correct situation.

J. K. WARBURTON, Controller and Auditor-General, examined. (No. 2.)

1. *The Chairman.*] Do you wish to make a statement, Mr. Warburton?—The whole case, Mr. Chairman, is stated, I think, in Memorandum No. 5 of this Paper. There were three credit requisitions sent by the Treasury to the Audit Office to be passed, and those three credit requisitions contained vouchers for expenditure long before the 30th June, which the Treasury admitted should have gone into the Public Accounts, but which did not go in because the limit of the unauthorised expenditure would not allow it. In the second paragraph of Memorandum No. 5 I state, "From the explanation of the Treasury, however, it appears that the expenditure entered in the Public Accounts for the June quarter excludes certain expenditure because it was unauthorised expenditure which the state of the Unauthorised Expenditure Account precluded from entry. Now, the provision for unauthorised expenditure is not a vote. It is not a sum of money appropriated to the public service by the Appropriation Act or any other Act sanctioning the expenditure of public money. The payments of unauthorised expenditure are subject to statutory conditions not imposed on the payments of expenditure under a vote—that is, to the conditions prescribed by sections 47 and 48 of the Public Revenues Act. The hand of Ministers is necessary to the payments. Where those conditions are not observed, the payments are not lawfully made. Where they are observed, the money necessary to the payments is, before the payments are made, charged to the Unauthorised Expenditure Account, in accordance with the statements under the hand of Ministers, and the Treasury and the Audit Office can prevent the payment of vouchers for unauthorised expenditure from exceeding the statutory limit of £150,000. As, accordingly, the Public Revenues Act does not provide for or contemplate the contingency which has arisen, the Controller and Auditor-General would respectfully submit that Parliament should be informed of the matter." And the Minister assented. I think that is the whole case—that expenditure not authorised by law was not brought into the accounts of the colony during that period, the reason being, as stated by the Treasury, the limit of the Unauthorised Expenditure Account.

2. *Right Hon. R. J. Seddon.*] The statement that I made, Mr. Warburton, that practically there is three months' appropriation and four months' supply is about correct, is it not?—The Treasury may desire, perhaps, to draw on the three months' appropriation before the end of the three months, with a view to expenditure during the following three months, but the expenditure during the following three months should be under imprest supply. There should be an Imprest Supply Bill passed to authorise and provide for the expenditure after the 30th June. If the Treasury required money during the three months for expenditure after the three months, it would be for such expenditure after the three months as would not be lawful without an Imprest Supply Bill.

3. What suggestion would you make to meet such a difficulty as that which has arisen? Do you think that to increase the "unauthorised" would be a reasonable way of meeting the difficulty?—Take the case before us. There is the alternative either of stopping the expenditure chargeable to the Unauthorised Expenditure Account or of having a larger amount authorised for unauthorised expenditure. The unauthorised expenditure is limited to £150,000, so it appears to me that the duty of the Administration was either to stop the Public Works Fund expenditure of the Post Office in putting up telegraph-lines, telephones, &c, or to do wrong, as was done here.

4. *Mr. W. Fraser.*] Would an increase of the Unauthorised Expenditure Account preclude the possibility of this kind of thing occurring again?—The same condition of things might certainly arise with an extended limit. If the unauthorised expenditure went up to the new and larger limit, the question might again arise in a similar case whether you should, in accordance with the law, stop your unauthorised expenditure, or carry it on beyond the limit and seek the indemnity of Parliament.

5. If the limit were made £200,000, the tendency would be to work up to it, and you would find yourself in the same trouble. I want to see if there is any possibility of some remedy being found which would be more effectual than that. Can you think of any other remedy that would be more effectual?—The only remedy is to estimate correctly what your expenditure may be, and to stop your payments when you come to the limit of your authority—that is, your authority under the appropriations and your unauthorised-expenditure authority.

6. Am I to understand from you that, apart from the question of convenience, the increase of the Unauthorised Account would not prevent a recurrence of this difficulty?—I say that the same circumstances might arise; but you can always ascertain by strict compliance with the law when you have reached your limit. Sections 47 and 48 of the Public Revenues Act require that the Minister should authorise the expenditure before it is made.