

7. *The Chairman.*] You describe the remedy, Mr. Warburton, as either stopping the expenditure or increasing the amount of "unauthorised." I want to make this point clear: Do the amounts that are referred to in this Paper as having been expended in excess appear in a vote of the House?—These amounts are charged in the Public Accounts as expenditure of the following quarter of the year—that is, as expenditure after the June quarter.

8. I asked you that question lest it might appear to those reading the Paper that these expenditures were made and that they never came before the House. I wanted it stated in your evidence that these always came before the House?—They do not come before the House specially. They go into the Public Accounts which are presented to Parliament. The regular yearly Public Accounts comprise this expenditure as expenditure of the year for which such accounts were rendered.

9. But these amounts are voted by the House?—Yes; they are charged to what the House afterwards votes.

ROBERT J. COLLINS, Assistant Secretary to the Treasury, and Accountant, examined. (No. 3.)

10. *Right Hon. R. J. Seddon.*] You have heard what the Controller and Auditor-General said, and what I stated to the Committee. I ask you, as Assistant Secretary to the Treasury, whether the statement I made is a fair exposition of the situation?—The statement made by you is correct. There is one little matter with regard to which the Auditor-General was probably misled—I refer to the four months' issue. He had the idea that it was on account of expenditure of the succeeding three months after the 30th June. That is not so. In the first quarter of the year we have in respect of several Departments four imprests to issue. The first issue is made on the 1st April. That is for the purpose of paying wages of the railway and other employees for the month ended the 31st March. The other three issues are made within the quarter, for current expenditure. Consequently, instead of requiring only three months' expenditure for the Railways and the other Departments which the Right Hon. Mr. Seddon mentioned, we have to actually issue sufficient money to cover four months' expenditure. As the amount appropriated by law for the extension of three months is not sufficient, we have to draw on "unauthorised," and the result is that nearly the whole of that £150,000 is taken up in that manner. As regards the Department paying the money, in this case it was the Post Office that paid it. They paid it out of the funds they had in hand, and it was not until the vouchers came to the Treasury and were put in requisition for entry that we knew that the vote had been overdrawn. In fact, as Mr. Seddon pointed out, at the time of the payment of the moneys the vote may not be overdrawn—it may be in funds; but by the time the vouchers reach the Treasury, which may be a month or more after payment by the Department, an issue from the Treasury may have in the meantime been made in respect of that particular vote, and the vote overdrawn. That was the position we found ourselves in in May of 1902—the vote was overdrawn; and it was necessary to hold those accounts over for entry until a more favourable opportunity—that was, until after the 30th June, when we could charge them against imprest supply. Of course, provision was made for them in the usual way in the estimates and Appropriation Act.

11. *Right Hon. R. J. Seddon.*] What remedy would you suggest, Mr. Collins?—Either an increased amount of "unauthorised" or an alteration in our present system of having to charge the amounts against the vote when we make an imprest issue. That is to say, we charge the amount issued on imprest against the vote, and the vote is absorbed to that extent while really the money is not used. For instance, at the end of April there was no less a sum than £20,000 shown in the hands of the Agent-General belonging to the telegraph-extension vote. The money may have been unspent at the time; but the vote was overdrawn—you could not issue anything further from it.

12. While at the same time the £20,000 was lying in the hands of the Agent-General?—Yes.

13. We have to issue all moneys from here. Perhaps, as in this case, they may be in the Agent-General's hands, and not used for months, but the vote is depleted to that extent. Take the expenditure for the Railways, the Post Office, and others: £150,000 looks a large sum of money, but if you have to pay a month's salaries for the Railway and other Departments it is soon gone. You have told the Committee, Mr. Collins, that in respect to some of these Departments you have to provide for four months' expenditure on three months' appropriations. What does it take for a month?—About £150,000. You can estimate the Railways at £70,000, and the Post Office between £50,000 and £60,000. The other Departments make up the difference.

14. Would it not meet the case if we got four months' extension instead of three?—That would be better. It would enable us to carry on till the 30th June for certain.

15. By the increase of one month it would not be taking the control from Parliament, but it would enable you to carry on?—It would enable us to carry on to the end of June, and would not take away the control.

16. Either that or an increase of the "unauthorised" is wanted?—Yes.

17. *Mr. W. Fraser.*] Avoidable or unavoidable, as the case may be, there is no doubt that the present position of affairs should not continue. This payment, as the matter is set forth in the Paper before us, was undoubtedly illegal?—It does not follow that it was illegal at the time it was made.

18. At what time was it illegal? It was illegal at some time or other?—I do not know whether it was. I did not say that it was illegal.

19. At no time?—At no time. The Post Office were quite within their rights in paying the money, but it was when the vouchers came to the Treasury for entry that we found we could not very well enter them without charging to "unauthorised," and some other Department would have suffered.

20. You thought it both legal and regular to hold them over?—Under the circumstances.