

21. Do circumstances govern these things—are you bound by the Public Revenues Act or not? Do you hold yourself at liberty, if circumstances require it, to set the Public Revenues Act at naught?—No; not to set the Public Revenues Act at naught. As to the Post Office making the payments, there is another Act which will cover the issue of the money by them—that is, “The Public Revenues Act Amendment Act, 1900,” which allows the Post Office to pay moneys out of any balances they may have in hand so long as they are not Savings-banks deposits.

22. Is that the point which is referred to, because I understand it is the holding-over of the accounts that is in question?—The question is that these accounts were chargeable to “unauthorised expenditure,” and were kept out of the June quarter’s accounts when they should have been included. We were unable to include them, because the “unauthorised” was exhausted.

23. You still hold that what was done was perfectly regular and legal?—I did not say that it was legal. It was contrary to law to exclude them from the accounts of the quarter.

24. Then, that being so, it is advisable that we should devise some means by which the public expenditure can be made in a legal and proper manner?—That is so; but I want to say this: it was not illegal to make the payments—the payments were not illegally made.

25. It was the holding-over?—The holding-over was not in accordance with the Public Revenues Act, but we had no other course open to us. In fact, the Audit Department would not have allowed us to enter the vouchers. There was no “unauthorised” left to enter them against.

J. K. WARBURTON, Controller and Auditor-General, re-examined. (No. 4.)

26. *The Chairman.*] Would you like to ask Mr. Collins any questions?—No; but I would like to state that, whether there are four imprests or three, or more, the unauthorised-expenditure limit is £150,000 for that three months, and if four applications for imprests are made during the period it does not follow that there should be a one-fourth larger unauthorised expenditure. Then, if the Public Revenues Act is strictly complied with, there can be no unauthorised expenditure in excess of or without the appropriation of Parliament, unless the Minister previously authorises it. Sections 47 and 48 of the Public Revenues Act provide against that. So that if the money necessary to unauthorised expenditure is first approved, no more than the amount so approved can be spent, and the expenditure of any sum in excess of the “unauthorised” limit is therefore illegal. It must be illegal. The fact that Ministers are responsible, and have to answer to Parliament under section 78 of the Public Revenues Act, would make it unreasonable that Ministers should not know of an unauthorised expenditure before it is made.

27. *Right Hon. R. J. Seddon.*] You do not say that these were made without the knowledge and approval of Ministers?—If Ministers acted as provided by sections 47 and 48, the money before it was issued would be charged to Unauthorised Expenditure Account; and as an imprestee cannot spend out of unauthorised expenditure more than the sum advanced to him for such purpose, it is impossible for him to exceed the limit.

28. *Mr. W. Fraser.*] Do I understand that to have four months’ appropriations would not improve the position of matters?—If the appropriations were extended for four months, the provision for unauthorised expenditure would be £150,000 for four months instead of for three. This would be in addition to the appropriations of the previous year for four months. It strikes me that at the end of four months the difficulty would be greater than it is at present, because the appropriations of the previous year for authorised expenditure would carry you on in the ordinary course to the end of the four months, while you would have a provision relatively a quarter less for unauthorised expenditure. Unless you increased your unauthorised expenditure to £200,000, the position at the end of four months as regards unauthorised expenditure would be worse than the position at the end of three. And then, of course, Parliament might be called together at the end of July instead of June.

29. It has been alleged that with three months’ appropriation four months’ expenditure is often required. That is how I understand it. Is the remedy suggested one which would be of service—the remedy of four months’ appropriation?—Well, it just depends upon what the other conditions may be. If, as I understand it, you extend the appropriations for four months on the same conditions as they are extended now, you will have a smaller proportionate amount to expend as “unauthorised.” You will have £150,000 to expend as “unauthorised” in four months instead of in three.

30. I do not quite see that?—Your unauthorised expenditure for the whole year is £150,000. Well, during the year from the 1st April until imprest supply you have that £150,000. That is up to the 1st July. If you have that £150,000 up to the 1st August you have £150,000 for four months instead of three.

31. But with the remedy suggested you have further appropriations available to work on?—Yes; but that is for what cannot be unauthorised—that is, extended appropriations.

32. But it would be of convenience to the Treasury?—I presume the appropriations are only sufficient for the authorised general expenditure. This would not be “unauthorised.”

33. *Right Hon. R. J. Seddon.*] You have heard what Mr. Collins stated—that he had practically to pay four months’ imprests out of three months’ appropriations?—He said he had to draw them.

34. Take the fourth imprest as being the Railways, the Postal Department—some of the large Departments. The Railways is £60,000 in itself, is it not?—Yes.

35. Well, if we had four months’ appropriation, the “unauthorised” would not be required for that purpose, because the appropriation would meet it. There would be £60,000 to the good, as far as Railways were concerned?—But you would want an imprest the next—the fourth—month.

36. In the meantime, of course, you would have the opportunity of getting the imprest supply, because you would have Parliament sitting. That is the difference?—But you might not call Parliament until the end of July.