

Exceptions may be taken to the above arrangement of the Balance Sheet, for, where several funds are thrown together into one common chest, it is impossible to state out of which fund any specific payment is made. But, whatever arrangement be adopted, the result is the same—that there has been a large expenditure of public monies, for which no legal provision had been made at the time, and that funds were used for services other than those to which they are appropriated by law.

Of the above disbursements, £36,537 14s. 1d. have since been provided for by a Debenture Act; and £25,043 14s. 2d. have been made a charge on the War Loan of £150,000. But, on the other hand, large sums have been issued to Provinces during the present year, for which the Legislature has made no provision.

The Government has been advised to place the Debentures issuable under the Debenture Act to the credit of the Loan of £500,000, and to invest the balance of the Provincial Land Purchase Funds; and further, to make such adjustments as will separate these deposits from the Ordinary Revenue of the Colony.

These arrangements are matters which more particularly belong to the accounts of the year 1860-61. Whether the Treasury is in a position to make them, can be shewn by the production of a balance sheet, made up to the latest date by the Colonial Treasurer. They are referred to now for the purpose of again drawing attention to the dangers of the present irregular issue of public monies, and of impairing funds which ought not to be broken into.

There exists clearly a necessity of following in this Colony the fundamental law of England—that the public monies shall not be issued on the Crown's Warrant, except for sums voted by Parliament. This law is in force in the Colony; but the English practice is not followed. Neither the Appropriation Act nor the Constitution Act gives the Colonial Treasurer authority to issue monies unsanctioned by a vote of the Legislature. The Warrant of the Governor is the general authority of the Crown for the Colonial Treasurer to act upon, *in order to provide security*, that the issues do not exceed the bounds assigned by the Constitutional powers assigned by the General Assembly.

It may be maintained that this illegal expenditure has hitherto been for the public good; and for services which subsequently received the sanction of the Legislature. But it cannot be admitted that, therefore, there is no danger. It would seem rather, that the danger for the future is greater, inasmuch as such expenditure, being hitherto unobjectionable, except as an infraction of the law, tends to establish a practice which breaks in upon funds set aside for special purposes; and should the House of Representatives afterwards refuse to vote the money, the responsible Ministry may set up as a defence, that it has only followed a practice which Parliament has not objected to, but has even tacitly admitted as one convenient in the administration of the finances of the Colony;—and that, on this ground, the Colonial Treasurer should be relieved of all liability in respect of such unauthorised issues.

It is again recommended, therefore, that provision should be made for securing a greater control over the issue of public monies, without interfering with the Crown's prerogative; that no part of Her Majesty's revenue within New Zealand shall be issued, except in pursuance of Warrants under the hand of the Governor directed to the Public Treasurer thereof.

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3rd June, 1861.