

Q.—How did the Treasury account at the Bank stand at the commencement of the financial year 1864-5? Was there any cash to the credit of the Colony at that period? A.—The Treasury account at the Bank was overdrawn to the extent of £733,481 13s. 6d., but there were balances in the hands of Sub-Treasurers and others amounting to £52,222 19s. 8d., leaving a net debit balance of £681,258 13s. 10d.

Q.—Out of what sources were the funds necessary for the ordinary and extraordinary demands of the Colony supplied during the period from 1st July, 1864, to 30th June, 1865? A.—Out of the revenue, proceeds of portion of loan of 1863, and debentures under Debentures Act, 1864-5, aided and anticipated by temporary supplies in the way of overdraft from the Bank of New Zealand.

Q.—There appears to be a balance remaining of the loan of 1856, £37,036 4s. 3d.—what proportion of the balance stands to the credit of the respective Provinces in the Northern Island.

	£	s.	d.
A.—2nd Division of Loan	774	12	11
2nd Division of Loan, Auckland	2,011	8	9
“ “ Wellington	2,292	5	5
“ “ Taranaki	31,982	6	2
	£37,060	13	3
Less overpayment to Hawke's Bay	24	9	0
	£37,036	4	3

Q.—The Auditor-General reports that the issue of public moneys from the Colonial Treasury has been made without warrants under the hand of the Governor. The Committee wish to be informed as to the circumstances under which this has taken place? A.—The circumstances of the Colony requiring payments to be made at so many and such distant points, rendered it impracticable to obtain warrants prior to expenditure, except at the Colonial Treasury, where warrants were regularly obtained from the early part of the year 1865; a covering warrant was prepared for the whole expenditure up to 31st March, 1865, but the (then) Premier declined to lay it before the Governor, because it had been proposed that a Committee of the Legislature should be appointed to inquire into the expenditure under “The Loan Act, 1863.”

Q.—Has the warrant for expenditure, up to 31st March, 1865, ever been given by the Governor? A.—No.

Q.—Has any other warrant, including the sums proposed to be covered by the warrant up to March 31st, 1865, been given by the Governor? A.—No.

Q.—What amount of money was issued from the Treasury during the year 1864-5 without the authority of the Governor's warrant? A.—£1,562,246 6s. 2d.

Q.—Has any warrant been given since 1864-5 to cover issues from the Treasury during the year? A.—No.

Q.—When demands were made upon the Treasury for the payment of money under what authority did the Treasury consider itself justified in issuing the funds necessary to meet claims made in such a case? A.—Vouchers, approved by the Ministers at the heads of departments for which the payment was required to be made, on being sanctioned by the Colonial Treasurer, were regarded as giving sufficient authority.

Mr. Woodward's opinion on the working of the Comptroller's Act and Audit Acts.

Taking the three Acts together they do appear sufficient to answer the apparent design of the Legislature while the finances of the Colony are in a normal state (with one exception which is noticed below). As soon however, as the finances become abnormal, and moneys are advanced by banks or otherwise, then the operation of the Comptroller's Act would be virtually nullified, as it only deals with money raised under the authority of law.

The exception referred to is, that there is nothing in either Act to connect the Comptroller with the Audit. The Auditor is not authorized to require the production of the requisition signed by the Comptroller, and the Comptroller has no means of knowing that the money he directed to be issued has been issued for the purpose named in the requisition and none other.

The check that I think should be imposed in respect of overdrafts or other advances of a temporary character is, that such advances should be declared by Statute to be made solely on the personal responsibility of the members of the Government requiring such overdraft or advance. This would not absolutely prevent such assistance being obtained in an emergency, but yet would render any Government very careful as to the reasons for requiring such overdraft, and also as to its extent.

There is also, in my opinion, an important omission in the Comptroller's Act in reference to the future issue of Treasury Bills or Debentures. I believe this point was intentionally omitted, as it was put into the Bill prepared by the former Government, and I still think that it ought to have been included. I think that instead of the very loose and objectionable mode adopted in the Loan Act of 1863, and in subsequent Debenture Acts (that of requiring the debentures to be signed by an agent only) all debentures ought to be signed by the Colonial Treasurer as the Minister charged with the finance of the Colony, and should bear upon their faces a certificate signed by the Comptroller to the effect that such debentures had been made under the authority of certain Acts and were not in excess of the amount that had been authorized to be issued. This would be complete as to the making the instruments, but in addition to this they ought to be registered by the accountant of the Treasury, who should affix his signature (or initials) to show that this had been done, and they should then be issued by the Assistant Treasurer, who should fill up, date, and sign a certificate of issue. I may add that recent experience has shown that the absence of such official certifications has greatly damaged the value of New Zealand securities in the London market.

I would further add that, in my opinion, it will be necessary, in order that the Comptroller's Act