

money is spent on a service in conformity with the decision of the Controller, but is afterwards transferred to another vote, under the direction of the Colonial Treasurer. I may mention, as an illustration of the working of the law as it now stands, the provision made in "The Immigration and Public Works Act, 1870," for the extension of the telegraph. The sum provided for that service is £60,000. The sums issued by the Controller, up to the 30th June last, was £49,000. On that date the sums actually disbursed on the extension of the telegraph was £58,000, or more; on taking the imprest outstanding, the sums actually disbursed amounted to about £60,000, so that we may say the vote was exhausted on the 30th June last. But as only £49,000 had been drawn through the Controller, there still remained in the books of that officer, on the 30th June, a balance of £11,000 to the credit of "Telegraph," and the Treasury continued to draw upon this balance, until at length the vote has been exceeded by five or six thousand pounds. The Controller could not stop this expenditure; he had no means of knowing that the Treasury had been diverting other funds to Telegraph purposes, and that the vote was being greatly exceeded. To put a stop to these grave irregularities, the present Bill puts the Commissioners of Audit in full knowledge of how the money is actually spent. But the proposed alteration is simply a travesty of the existing law, by allowing the Treasurer to transfer from one vote to another any sums he pleases, so that the only difference between the present and the proposed law is, that now a vote can be exceeded without the knowledge of the Controller, while under the proposed law it can be done with the knowledge of the Controller, and in opposition to his decision, thus legalizing an irregular expenditure. Clause 7, as now altered, is only of importance when the Treasury designs to exceed a vote. The Treasury can then make transfers from an exhausted vote to another, as, for instance, to "Miscellaneous." This may be done even if the vote for Miscellaneous is exceeded; for the Treasury may urge that the Miscellaneous vote is exceeded merely because a number of expenses have been unnecessarily crowded into it; that these will be culled out and distributed among other votes, and the Miscellaneous vote thus relieved of the excess. Their redistribution can only be completed at the end of the financial year, and when the annual amount is made up and rendered, for from it the Commissioners will learn how the Miscellaneous vote has been adjusted. This annual account has not hitherto been rendered until about a year after the date required by law. It is scarcely necessary to add that any observations of the Commissioners on such a state of accounts have as little interest as possible.

2. What I wish to ascertain is, would it be wise or proper. Take for example the case of a payment admittedly correct, and which is authorized by one of two votes, say, for instance, Votes 30 and 35. The appropriation is made by Vote 30 but charged against Vote 35. Would you consider it right that the Treasurer should have authority to decide the point?—If the expense belongs to Vote 30, and the Commissioners have no doubt that it does, and that it does not belong to Vote 35, the Treasurer ought not to have the power to transfer it to Vote 35 in opposition to the Commissioners.

3. *Mr. Speaker.*] In your opinion, does the clause give authority to the Treasurer to control the vote?—I think the new clause does give an overriding power to the Treasurer.

4. *The Hon. Mr. Gillies.*] Will you explain to the Committee your remarks with regard to what would occur in connection with the transfer of votes when improperly charged. Could the transfer be made under the Bill?—It could be done if the Commissioners concurred in it as being correct.

5. It could only be done with the consent of the Commissioners?—The transfer could be made under directions of the respective Ministers.

6. In the case of disputes arising between the Commissioners and the Treasurer, do you not think that the decision of the Treasurer should decide the point?—No.

7. This clause is intended to apply when a difference of opinion arises between the Treasurer and the Commissioners. Do you not consider its provisions a wise safeguard?—I consider the new clause spoils the Bill.

8. Suppose a misunderstanding to arise between the Treasurer and the Commissioners; the Treasurer considered that the vote was so and so, and the Commissioners considered that it was some other thing: who would decide as to its ultimate disposal?—Under the amended Bill the Treasurer can charge the expenditure as he pleases, and compel the Commissioners to follow his lead.

9. Then do you consider that the power of determining to what vote an expenditure ought to be charged should be taken out of the hands of the Treasurer and lodged in the hands of the Commissioners?—Yes, I think so, if there is to be a pre-audit mixed up with the control. Unless the power of making transfers in opposition to the decision of the Control is taken from the Treasury, the present Bill will leave matters in this respect as they are under the Revenues Act. The Treasury will obtain money to discharge claims under one vote and will charge it to another.

10. You think that, after sums have been voted by Parliament, Ministers should have no power to say to what particular vote certain sums that have been expended shall be charged?—Yes, I think so. The Treasurer should not have an arbitrary power to charge a vote with expenses that do not belong to it in opposition to the decision of the Commissioners. The Commissioners have no political views to carry out. They guard the issues of public money, and determine whether they are spent in accordance with the votes of the Legislature; and under the Bill, they have to determine this before the moneys are issued.

11. *Mr. Vogel.*] When you say that this clause would perpetuate the present system, I understand you to mean that it will enable the Colonial Treasurer to take the money from under the control of the Commissioners and pass it into another vote. I understand you to mean that now, if there is any question of difference between the Auditor and Treasurer as to the particular vote to which an expenditure is to be charged, the Treasurer can override the Auditor?—Yes.

12. If the Auditor-General considers an expenditure to have been wrongly made, do not the regulations established since 30th June last enable the Auditor to allow or disallow the expenditure, and to charge it against another vote?—Yes, they do.

13. I would ask you then, whether or not the clause as it at present stands, would enable the Colonial Treasurer to override that power?—Yes.

14. In that case could the Auditor refuse to pass the expenditure?—No.