

As the Minister has more than once, in the course of this correspondence, appealed to the fact of the removal of the audit of the accounts of the Customs and Railways from the Audit Office to those departments, I desire to point out that their case differs widely from that now under consideration. No complaint or charge was ever made as to the inefficiency of the existing audit; but it was alleged by each of those departments that, as it had a large staff of accounting officers, there was every facility for auditing the accounts more cheaply and expeditiously than could be done by an office outside. The present case is widely different. The Land revenue has been taken from the Audit on the ground of inefficiency and neglect of duty, and a staff has had to be created of at least double the cost which was required to do the same work in the Audit Office.

I come now to the circumstances which led to the removal of the audit of the Land revenue from the Audit. I stated in my letter of the 3rd of October, 1892, that the action of the Minister was based on information given him by my subordinate officer, without my knowledge or consent.

I now respectfully request the attention of the Committee to the language used by the Minister of Lands in his letter of the 7th August. He says, in reply to my charge that he had obtained from my subordinate officer information as to my department, unknown to me: "I do not consider, *therefore*,"—the "*therefore*" referring to the fact that Mr. Smith's services had been placed at his disposal for the purpose of getting up cases for prosecution—"I do not consider, *therefore*, that there was any impropriety in getting all the information I could from the officer practically placed at my disposal by the Controller. It was only when I had the opportunity of hearing his explanations that I came to the conclusion that the Audit Department, so far as the Land revenue was concerned, had been inefficient; and the determination to take the audit of the Land revenue into my own hands was taken *after full investigation of how it had been conducted in the past*."

I desire distinctly to state that the "*full investigation*" above mentioned did not extend to asking a single question of myself or of any other of the gentlemen in my department, or the examination of any record or paper in the office; and I am entitled to ask whether it was honourable or dishonourable conduct on the part of the Minister to state publicly to your Committee matters of which he admits he was informed by my subordinate officer; matters implying grave charges of neglect of duty on the part of myself and Mr. Smith's late colleagues in the Audit Office, without having taken one single step to ascertain whether the information he had received was true or false, or whether the facts on which they were based were capable of explanation. And I am entitled to ask whether such is the course which ought to be pursued towards an officer to whom Parliament has delegated its high function of the control of the public purse during its recess.

In conclusion, for I have no desire to prolong this correspondence, whatever inquiry the Committee may think it right to make, nothing can alter the fact that one of the officers of my department was not ashamed to take advantage of his introduction to the Minister, to convey to him information of a character disparaging to myself and to his own colleagues in the Audit Office; and that the Minister was not ashamed to make use of such information in a public communication to your Committee, whilst he concealed from me the fact that he had stooped to listen to it.

As the period of my long connection with the public service of the colony will shortly terminate, I can only add that the regret I should naturally feel at leaving office will be somewhat mitigated by the sense of never being again exposed to insult as the reward of long service.

I am, &c.,

JAMES EDWARD FITZGERALD.

The Hon. the Chairman of the Public Accounts Committee.

#### No. 4.

The HON. the MINISTER of LANDS to the CHAIRMAN, Public Accounts Committee.

SIR,—

Department of Lands and Survey, Wellington, 26th September, 1893.

I have the honour to acknowledge the receipt of the Controller and Auditor's letter of 19th instant in reply to Mr. O'Hara Smith's of 21st August, and desire to state for the information of the Committee that I should be pleased if the question of these allegations was thoroughly investigated.

Notwithstanding the opinion of the Controller and Auditor-General, I do not deem it inconsistent with my duty as a Minister of the Crown, duly sworn to protect the interests of the colony, to see that the revenue of my department is duly collected and properly accounted for, and that the system of audit and account keeping is simplified and improved; or that offenders against public justice are fearlessly and properly dealt with irrespective of their position.

I have, &c.,

JOHN MCKENZIE,

The Chairman, Public Accounts Committee, Wellington.

Minister of Lands.

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