

1898.
NEW ZEALAND.

PUBLIC ACCOUNTS COMMITTEE.

(REPORT ON THE CORRESPONDENCE BETWEEN THE AUDIT OFFICE AND THE RAILWAY DEPARTMENT RELATIVE TO THE TRANSFER OF £15,000, TOGETHER WITH THE MINUTES OF PROCEEDINGS AND EVIDENCE.)

Report brought up 3rd November, 1898, and ordered to be printed.

ORDERS OF REFERENCE.

Extracts from the Journal of the House of Representatives.

MONDAY, THE 17TH DAY OF OCTOBER, 1898.

Ordered, "That paper numbered 226B, Correspondence between the Audit Office and the Railway Department relative to the Transfer of £15,000, be referred to the Public Accounts Committee; the Committee to report thereon within fourteen days."—(Rt. Hon. R. J. SEDDON.)

FRIDAY, THE 28TH DAY OF OCTOBER, 1898.

Ordered, "That an extension of time of three days be granted to the Public Accounts Committee within which to bring up their report on the correspondence between the Audit Office and the Railway Department."—(Mr. GUINNESS.)

R E P O R T.

THE Public Accounts Committee, to whom was referred the correspondence between the Audit Office and the Railway Department relative to the transfer of £15,000, has the honour to report that it has taken the evidence of J. K. Warburton, Controller and Auditor-General; A. C. Fife, Accountant, Railway Department; J. C. Gavin, Assistant Controller and Auditor; G. J. Clapham, Accountant, Public Works Department; G. Felton, Stores Manager, Railway Department; H. J. H. Blow, Under-Secretary, Public Works Department; Hon. W. Hall-Jones, Minister for Public Works; Hon. A. J. Cadman, Minister for Railways; and J. B. Heywood, Secretary to the Treasury.

The Committee finds,—

That in the month of February, 1898, it became apparent to the Treasury that the sum appropriated for the Working Railways vote would be insufficient to meet the increased requirements of the service for wages and other expenses up to the 31st March, and that there was not sufficient "Unauthorised" available for this purpose.

That the available "Unauthorised" vote was insufficient to meet this demand, for the following reasons: In January of this year a transfer of £50,000 had been made from the Consolidated Fund to the Public Works Fund. The Controller and Auditor-General refused to give his assent to such transfer except as a charge upon the "Unauthorised" vote. The £50,000 was, however, returned to the Consolidated Fund also from the "Unauthorised" vote. The combined effect of these transactions was to reduce the statutory limit of £100,000 for "Unauthorised" to £50,000. This unexpected result seriously hampered the Treasury, which was at the moment in possession of ample funds, but without parliamentary authority to utilise them for the requirements of the Working Railways. It then became necessary to defray from some other source the increased expenditure of the Working Railways Department.

The alternatives presented were,—

- (1.) To call Parliament together at once.
- (2.) To suspend the payment of wages and other liabilities of the Working Railways Department till the beginning of the next financial year.
- (3.) To adopt some extraordinary means of providing money.