

9. If your intimation to the Auditor had been carried out that the £3,000 payment should have been made by the bank order, it would have meant the cancellation and the withdrawal of that draft, and the different mode would have been substituted?—No. The Treasurer might have sent a bank-order telegram to provide for the payment of a draft that had become due. The proper course was to provide by a requisition and bank order charging the amount to the Unauthorised Expenditure Account. The draft would have taken the course which it took undisturbed. It would have been paid and charged as under the Unauthorised Expenditure Account in the accounts for June quarter.

10. Your cable of the 23rd June—viz., “Auditor, care Agent-General for New Zealand, London.—Governor, under section 9 of ‘The Public Revenues Acts Amendment Act, 1900,’ determined Pilcher’s draft £3,000 Coronation expenses shall be charged to General Imprest, and such determination must be obeyed and cheque countersigned.—WARBURTON.” That was only after the Governor had signed it?—Yes.

11. This is the point I wish to mention: Supposing the Governor had not determined prior to the date of the payment of that draft?—Then the Treasury would have been responsible for delaying to issue the bank order providing for the payment by bank order from the 13th June until the 23rd June.

12. They would have been responsible only because there was a difference of opinion as to whether that should have been charged against the General Imprest or the Unauthorised?—The Audit Office is not authorised to pass a charge of unauthorised expenditure to anything but the Unauthorised Expenditure Account. When the first telegram came that £3,000 was to be drawn by Pilcher, then the Treasury should have provided by requisition and bank order for the payment of the draft in London instead of leaving it to be charged to General Imprest.

13. The point is, the Treasury were of opinion that they were right in ordering that draft to be drawn upon the Agent-General to be paid out of Foreign Imprest Account, and in return to be accounted for here in the legal way; but you have a different opinion?—Yes.

14. Is the Auditor in London not free to exercise his independent judgment without waiting for instructions from the colony itself in a matter of dispute between you and the Treasury before a payment is made?—He does exercise his judgment. He telegraphs to me; I immediately refer the matter to the Treasurer, and the Treasurer should, if the credit of the colony is concerned, say—if there is a difference—the credit of the colony is concerned, and do as the Audit Office suggests and the law requires.

15. Then, you are of the opinion that in the matter of a payment authorised by the Treasurer, rightly or wrongly, that the Audit Officer in London should not act until he has communicated with you and until the dispute has been settled here?—I do not say that. If he is in doubt he can telegraph. If he could not telegraph he would no doubt act on his own judgment, but knowing it was unauthorised expenditure, and having the telegraph at his command, he asked for instructions. The provisions for unauthorised expenditure are special. It is expenditure for which the Administration of the day have to obtain the sanction of Parliament, and sections 47 and 48 of the Public Revenues Act provide a special course to be taken before unauthorised expenditure is paid. Section 47, “Whenever it appears necessary for the public service that money should be expended in excess of or without the appropriation of Parliament, the Minister for the service of whose Department such expenditure is required shall make a statement in writing setting forth the reasons rendering such expenditure necessary, and shall submit the same to the Treasury, and the Treasury, if it approves the same, shall send it, together with a requisition, to the Audit Office.” Then section 48 says, “The Audit Office shall, upon such requisitions and statements, from time to time issue orders for the payment of vouchers in excess of or without the appropriation of Parliament to an amount not exceeding in the whole £150,000 in each financial year.”

16. You refer to the letter signed by Mr. Carroll on the 14th June, 1902, and addressed to the Audit Office—viz., “The Treasury is not aware whether Major Pilcher has absolutely drawn upon the Agent-General, nor of the amount of the draft he has so drawn. Under these circumstances the Treasury is not in a position to issue a bank order as suggested. The Treasury intimated to the Agent-General that if a draft for £3,000 (meaning not exceeding £3,000) drawn by Major Pilcher was presented it should be honoured and the amount charged to General Imprest, in which account there was an ample balance to provide for the amount of the draft in terms of section 63 of ‘The Public Revenues Act, 1891’”?—It was £3,000, and in the body of the draft are these words: “Requested by cablegram on the 22nd May, 1902, from Paymaster-General, New Zealand.”

17. Does it not strike you that, where the Treasury has given a general order for a payment, that amount may not be fully used up by a man like Major Pilcher in South Africa, who was meeting all sorts of charges? Where the Treasury is not in the position of knowing exactly the amount they must pay away for the official requiring the payment, they may not know exactly the amount of the draft itself?—They had plenty of time. This draft was sighted on the 23rd June in London and paid on the 30th. It was payable on three days’ sight, and in three days they could have telegraphed to New Zealand and received a reply back again, and obtained a bank order and report.

18. This is after-knowledge. The fact of the draft’s delivery in London on the 23rd, and that it was not paid until the 30th, was not known at the time?—I do not know that it was not known at the time. It is peculiar that all this correspondence should be about the £3,000 draft, and that it turns out to be for £3,000; and it contains in the body of it the words “as authorised by the Paymaster-General” some time in May. It matters nothing whether the amount is precisely known or not. If it is unauthorised expenditure, whether the amount is £3,000 or not, it is not payable as money provided by a vote.

19. With a recognition of the serious responsibility that devolves upon the colony, I want to ask you this question: Is the Auditor in London, under instructions from you, compelled to cable out here as to what course he is to take regarding the unauthorised expenditure by the Govern-