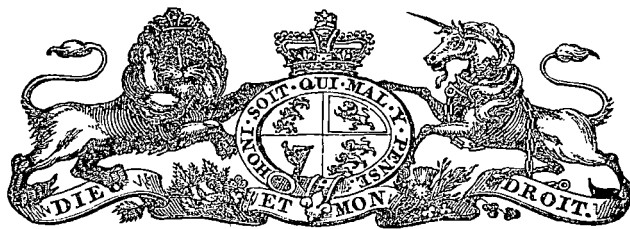


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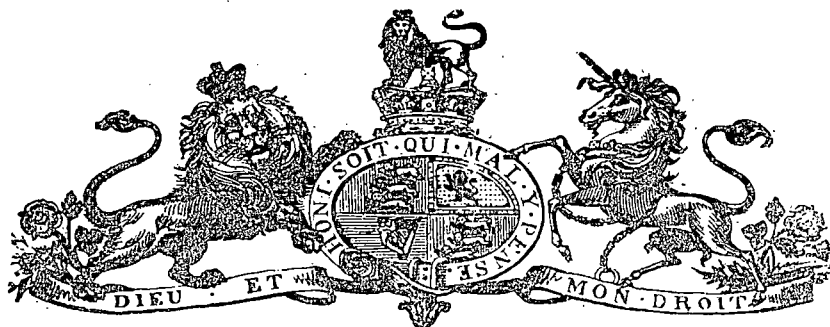
1890.

PARLIAMENT OF TASMANIA.

T. M. L. RAILWAY SUSPENSE ACCOUNT :

REPORT OF AUDITOR-GENERAL, AND CORRESPONDENCE
THEREON.

Presented to both Houses of Parliament by His Excellency's Command.



Audit Office, Hobart, 20th August, 1890.

SIR,

It is noticed that the sum of £19,921 0s. 10d., being the amount awarded by the Supreme Court in the late Tasmanian Main Line Railway suit, and the law costs, viz. :—

Verdict, with costs	£17,330	2	1
Government law costs	2590	18	9
	£19,921	0	10

has been placed to Suspense Account, and that no provision has been made for the amount in any proposals yet submitted to Parliament.

When my Report on the accounts of the year 1889 was written I was aware that this amount had been placed in suspense, under the provisions of Section 19 of Schedule 3 of the Audit Act, because no final arrangement had been arrived at with respect to the purchase of the Railway, and for other reasons which left the matter in an unsettled state : it was not therefore referred to in the Report ; but, as the purchase has now been authorised by Parliament, and there appears to be no reason why the amount should still remain in suspense, it becomes my duty to point out that under Section 2 of Schedule 3 of the Audit Act it is necessary that provision should be made during the present Session for the appropriation of the amount.

I have therefore the honor to request you will be so good as to submit this letter to Parliament as a special Report, in accordance with Clause 27 of the Audit Act (52 Vict. No. 43).

I have the honor to be,

Sir,

Your most obedient Servant,

W. LOVETT, *Auditor-General.*

The Hon. the Treasurer.

The Auditor-General.

THERE is this reason why the amount referred to should remain in suspense—viz., that, although Parliament has authorised the purchase of the Railway the purchase is not yet completed, and consequently the question of the recovery of the amount in suspense, either by the purchase of the Railway or by the prosecution of the appeal to the Privy Council, is still unsettled. Until the question before the Privy Council is settled—either by the judgment of that Court or by the withdrawal of the appeal consequent on purchase—it is clearly premature to ask Parliament to provide in any way for the appropriation of the amount.

B. STAFFORD BIRD.

21. 8. 90.

The Hon. the Treasurer.

I REGRET that the Treasurer's explanation, taken in connection with the under-mentioned circumstances, does not appear to justify me in consenting to withdraw my request that this special Report shall be laid before Parliament—

1. In the Act authorising the purchase of the Railway the price or value placed upon it by the Company (£1,125,000) has been reduced by the disputed items included in the verdict of the Supreme Court.
2. The interest (guaranteed) for the last quarter of the year 1890 usually payable to the Tasmanian Main Line Railway Company has not been included in the Estimates of Expenditure named in the Treasurer's Explanatory Statement.

3. The sum of £22,000 has been included as Revenue for the last quarter of the year 1890 in the Estimates of Revenue as expected from the Main Line Railway.
4. The sum of £88,000 has also been included in the Estimates of Revenue as expected to be received for the year 1891 from the Main Line Railway.
5. The sum of £17,000 has been estimated as Expenditure of the Main Line Railway in the Treasurer's Explanatory Statement for the last quarter of 1890, and the sum of £68,000 has also been included in the Estimates as Expenditure for 1891.

All these circumstances point to the conclusion that the Government considered the matter of the purchase of the Railway as virtually settled when the Main Line Railway Purchase Act was finally passed. There does not, consequently, appear to be any valid reason why all known items of expenditure should not be provided for during the present Session.

W. LOVETT.
21 Aug. 1890.

The Auditor-General.

I HAVE not even suggested that you should withdraw your request to have this "special Report" laid before Parliament. I have only pointed out that the time is yet premature for asking Parliament to provide for the amount in suspense to which you have called attention. If the Railway should be purchased, Ministers would have no other purpose than to ask Parliament to provide for the amount referred to. Probably within a week from this date the decision as to purchase of the Railway will be known. If the Line is purchased, Parliament will be asked to make provision for the Suspense Account. If the Line is not purchased, then it will certainly be desirable to await the issue of the Appeal to the Privy Council before asking Parliament to provide for the Suspense Account in a way which might have to be reversed after the decision of the Privy Council is given. The manner in which the Estimates of Revenue and Expenditure have been brought down doubtless indicates that the Government considered the matter of the purchase of the Railway as "virtually settled;" but it goes without saying that, until the purchase is actually completed there is an element of uncertainty about it, which would render it premature to ask Parliament to provide for this Suspense Account until the events of the next few days make it clear whether the settlement of the amount in question will be practically effected by the purchase of the Line, or whether it will have to be dealt with by the Court to which it has been referred. It is not at all likely that Ministers would leave the amount in suspense if the Line is purchased, but that they would be only too ready to deal with it this Session. If it should not be dealt with this Session it is only likely to be because the matter is still the subject of an Appeal to the Privy Council.

B. S. BIRD.
22. 8. 90.

Audit Department, Hobart, 22nd August, 1890.

Re RAILWAY ITEMS IN SUSPENSE.

I BEG to point out to the Honorable the Treasurer that his remarks respecting the element of uncertainty with regard to the purchase of the Railway, as applying to the items in suspense, equally apply to the other items which have been included in the proposals submitted to Parliament.

Having, in submitting this report, carried out an imperative duty, as it appears to me, it is for the Government to decide whether it would be justifiable to withhold the same from Parliament.

W. LOVETT.

AUDITOR-GENERAL'S SPECIAL REPORT.

Chief Secretary's Office, Hobart, 23rd August, 1890.

MEMO. for the Hon. the Treasurer.

As the whole matter is harmless, the Chief Secretary does not cavil with the terms used—"special Report" and "imperative duty"—although there is nothing imperative in Clause 27 quoted by the Auditor-General, nor does the Chief Secretary cavil with the gratuitous query, whether the report can be justifiably withheld from Parliament. The Chief Secretary is unaware of any such suppression during his three terms of office, cannot find occasion for its suggestion now, and thinks Parliament may be misled without this denial accompanies Report.

The amounts referred to have already been reported to Parliament in the Balance Sheet of Assets and Liabilities published with the Auditor-General's letter to the Hon. the Treasurer dated 25th June, 1890, and a special reference thereto again so soon may be taken by some Members to

be a reflection upon their inability to understand the simpler terms of account—viz., Balance on 31 December, Dr. T. M. L. Railway Company Suspense Account, £17,330 2s. 1d.

Irrespective, however, of such considerations, the Hon. the Treasurer's contentions are unanswerable; for, while the alternative exists of having to charge to Expenditure if Appeal be lost, or to cost of Railway if it becomes the property of the Government, the amount referred to cannot be properly debited to the proper head of Revenue or Expenditure as required by the 19th Section of Act 52 Vict. No. 43, quoted inaptly by the Auditor-General.

P. O. FYSH.

The Auditor-General.

For perusal of the Memo. by the Hon. Chief Secretary.

B. S. BIRD.
30. 8. 90.

PERUSED and returned, with thanks. I regret that the object of my Report should be misunderstood by the Honorable the Chief Secretary; and that, apparently, some of the words used by me should be considered objectionable, as this places me in difficulty in respect to unwittingly giving offence. If the whole matter is harmless, no harm can be done by submitting the Report to Parliament. Certainly, provision, in my opinion, ought to be made during the present Session.

The Honorable the Treasurer.

W. LOVETT.
2 Sept. 1890.

The Auditor-General.

As you think this matter should be dealt with at once, I shall be glad of your suggestion as to what Account the amount in suspense should be charged to.

B. S. BIRD.
2. 9. 90.

As the amount, less the cost of the Suit, was originally credited to the Consolidated Revenue Account, it would appear to be a proper charge against that account. The fact, however, of the sum having been included in the amount which the Railway Company considered to be the value of the Railway, and that it therefore practically formed part of the purchase money, may to some extent be considered as a reason for providing the amount in some other way; but, as the Treasurer is aware, this question can only be decided by Parliament.

W. LOVETT.
3 Sept. 1890.

Auditor-General.

THERE was never any other intention than to submit the amount for the decision of Parliament when the proper time arrived.

B. S. BIRD.
4. 9. 90.

Audit Department, Hobart, 5th September, 1890.

MEMO. for the Honorable the Treasurer, &c.

Re RAILWAY ITEMS IN SUSPENSE.

I do not understand the object of the Honorable the Treasurer's Memo. of the 4th instant, but beg leave to say that, without wishing to offer an opinion as to the proper time for obtaining the decision of Parliament beyond what has already been indicated, there is no doubt in my mind that I would not be free from blame if this Report had been withheld by me after the financial proposals of the Government submitted during this Session had become known.

W. LOVETT.