

thing to do?—To detach it from one record and attach it to another would be a very improper thing to do without the consent of the head of the department.

207. Before the Speaker had announced to the House, or any one connected with Parliament knew, except the Speaker himself, that such a report had been received, would you not consider it a strange thing for a member to ask if it had been received?—How would the member know?

208. Would you not consider it a strange thing?—It would appear to be a very strange thing unless he knew. It would be very strange for a member of the House to approach the Speaker and ask him whether he had been put in possession of a certain paper, or whether a certain paper had been forwarded to him, without the member having previous knowledge of the existence of the paper.

209. Would you infer that he had previous knowledge of the report?—Yes.

MONDAY, 31ST OCTOBER, 1898.—(Mr. A. R. GUINNESS, Chairman.)

J. C. GAVIN, Assistant Controller and Auditor, further examined.

1. *Mr. J. Allen.*] In giving your reply to a question referring to the recoveries, did you mean to say that the surplus would have been £187,000 less, except for these recoveries? That is your answer as it was taken down?—My answer simply is Yes. If these recoveries had not been made, the surplus would have been so much less.

2. If there were recoveries from the Post Office, or from any other department that works with the Railway Department, would they be legitimate recoveries, and would they affect the surplus?—Yes, all recoveries affect the surplus, but legitimately if they are legitimate recoveries.

3. Take the instance of the Post Office recoveries. The Railways do some work for the Post Office. Does the Post Office pay that out of the vote from the Consolidated Fund?—It does.

4. And if the Post Office pays for it out of the vote, and the Railway Department is credited with it as recoveries, what is the effect upon the surplus in the Consolidated Fund?—None whatever, because if you leave out both entries the effect would be nil. The charge and the recovery being both in the Consolidated Fund would not affect that fund.

5. Then, I ask the question again, if the whole of the £187,000, which includes recoveries from the Post Office, affects the Consolidated Fund?—No; so far as the recoveries are the result of charges to other votes of the Consolidated Fund, the balance of that fund would not be affected. You might simply drop them out on both sides.

6. Can you tell me how much of the £187,000 is in that category?—Not without making an analysis, which I cannot do here.

7. But are the recoveries on account of stores sold to outside departments in the same category as the recoveries in the Post Office?—No, because stores sold to other departments, such as the Public Works, would involve transfers of cash to the Consolidated Fund. They would not be in the same category as the recoveries from the Post Office.

8. Would transactions such as a transfer of cash from the Public Works Fund not legitimately affect the balance of the Consolidated Fund?—All transfers from the Public Works Fund for stores supplied by the Railway Department would affect the balance of the Consolidated Fund.

9. You cannot tell me how much of the £187,000 would be affected?—I cannot tell you here.

10. You have heard the evidence—have you heard of two sums of £15,000?—I have.

11. And one of £13,000 odd?—Yes.

12. And another of £8,000 odd?—I have.

13. Altogether they total about £51,000?—Yes.

14. Has the total affected the balance of the Consolidated Fund?—I think not.

15. How much of it has, do you think?—I can only speak as regards £32,000 or £33,000.

16. And that amount has illegitimately affected the balance of the Consolidated Fund?—I am speaking now with regard to the £8,000 odd referred to by Mr. Fife. I have no personal knowledge of the payment of that amount myself. I take it from Mr. Fife's evidence that about £2,000 of it affects the Consolidated Fund in the same manner as the two transfers of £15,000.

17. You stated that the law of 1882 was unsatisfactory with regard to the abatements?—I said in my memorandum that it was a matter for consideration.

18. Could you tell the Committee in what direction you think the law should be altered?—I think that perhaps the extent to which the recoveries might go in aid of a vote might be limited to the amount abated on the estimates.

19. That is to say, if in the estimates we find recoveries so much, that the abatement ought not to exceed that: is that what you mean?—Yes. I think that the amount abated on the vote under section 41 of "The Public Revenues Act, 1891," should, in so far as it affects the appropriation for the particular service, be subject to the same sort of limitation as the vote itself. Take, by way of illustration, the vote last year for working railways: The gross amount required for the service was £845,730, upon which the abatement for recoveries was £23,603. My suggestion for the consideration of the Committee is that if the recoveries from sales of stores or otherwise exceed the amount abated the excess should not be deemed to be appropriated to the service in addition to the vote. If this had been the law last year, and if the restriction as to the amount of "unauthorised expenditure" had not been in operation, the "unauthorised expenditure" of the working railways would have been £192,237 18s. 7d., instead of £27,876 4s. 7d. Of course, this suggestion, if given effect to, would necessitate very careful estimates on the part of all departments, as regards both expenditure and recoveries.

20. That is the only suggestion you have to make?—That is the only suggestion I have to make with regard to the matter.