

40. Why?—The only report I have made to Parliament is the report as to this transaction of £15,000; but happening to have before me on Friday last the particulars of all the credits I gave the evidence.

41. Why should there be a difference of treatment by the Audit Department in respect of different recoveries from different departments? Why is not the matter of recoveries in other departments included in your report to Parliament?—I do not understand the question. I have not reported the others to Parliament.

42. You have reported to Parliament in regard to this £15,000; why not other recoveries?—Because I did not see in them any irregularity. I reported this because I think the transaction is one to which exception ought to be taken.

43. What has the £187,964 to do with the transaction which is the subject-matter of this inquiry?—It comprises this amount.

44. Has the £187,964 ever been questioned, and is there anything unusual in that transaction?—It is open to this exception: that it comprises this amount of £15,000, and that this amount is that of a transfer which the Audit Office would not have passed if the Audit Office had been in possession of the information received in the early part of September, that the goods sold by the Railway Department had been taken back a few days afterwards.

45. And the question of the £15,000, you say, is merged in the sum of £187,964?—That sum of £187,000 of course comprises this irregular transaction.

46. What about the £13,000, to which you took no exception whatever: is that included in the £187,000?—It is.

47. Then, why did you not take exception to that?—Well, it was passed without exception.

48. Are you aware—I suppose you are—that railway plant—rolling-stock—was sold to the Western Australian Government by the New Zealand Government a good many years ago?—I have heard something about it, generally. I cannot speak as to the fact.

49. Have you any knowledge as to whether that transaction was taken exception to and reported to Parliament by the Auditor-General?—I do not recollect, and I think I should recollect a report to Parliament.

50. As no exception was taken at the time by the Auditor-General, are you in a position to say whether the methods of the Audit Office or the ways of Parliament have changed since then?—I do not think I could speak on that point without some reference. I do not recollect when it took place.

51. Were you officially or unofficially aware that the return of the material, the payment back in kind, was to be made when the department which had obtained the transfer of material was in a position to do so?—I do not recollect. It might have come under my notice, but I have no recollection of it.

52. Have there not been other inquiries pending upon which you have been called upon to give evidence before this Committee?—I have been called on other questions.

53. Have you not reported the Postal Department, and given evidence upon the subject of payment preceding imprest?—On pre-audit and post-audit. I do not quite understand the question.

54. Did you give the clerk instructions to prepare the details of the £187,964, railway recoveries, prior to giving evidence on that question?—No; I have already stated that this paper is a rough paper that was ordered to be prepared before Parliament met.

55. *Rt. Hon. R. J. Seddon.*] What is the date?—There is no date. It is a rough sheet containing the items which I quoted the other day.

56. *Mr. Fisher.*] That was the first transaction in point of order, and therefore why did you not report that to Parliament first—the Postal Department matter?—There was no irregularity. The question was the comparative merits of the two systems, I understand, of audit after payment and audit before payment.

57. Now as to the £350,000 handed over by the Treasury to the Public Works Department. Do you know the reason why the Treasury gave the Public Works Department £350,000 instead of £300,000?—That is a question of administration. All that I have to deal with is the legality of the transfer.

58. Were you aware or not aware that the Public Works Fund was short because the Colonial Treasurer had not floated the £250,000 loan of last year in aid of public works, and that the Public Works Department required £350,000 at that time?—I daresay that was the case. The Colonial Treasurer told me so, but that was not my concern.

59. Were you not aware that the advance of £50,000 from Unauthorised to the Public Works Fund was an unusual thing to do, and that it was in every sense a loan?—I could not consider it from that point of view. It was a transfer of £50,000 more than the amount appropriated for such purpose.

60. The transaction being unusual, as you ought to have known it to be, did you demur to the £50,000 going from Unauthorised to the credit of the Public Works Fund?—There was no £50,000 going from Unauthorised. There was a transfer of £50,000 from the Consolidated Fund to the Public Works Fund in excess of the £300,000 appropriated, and the Government were at liberty to do that. The Audit Office had no power to stop it. It was made a charge on the Unauthorised Expenditure Account.

61. When was your attention first directed to the £50,000 being advanced or transferred to the Public Works Fund?—Another question incidental to the matter was raised about the end of January or the beginning of February. I have a copy of the papers here. The matter was brought up, first of all, in connection with the proposal to remove from the Unauthorised Account four advances, amounting to £6,000, made to the County Council of Hawke's Bay out of the Local