

133. Is that an assumption on your part?—I instructed the Stores Manager that those stores were going to be held and repaid for as early as possible in the next year.

134. Are you talking now for the Working Railways, or for the department that got the stores?—I am talking for the Working Railways.

135. Well, how can you give instructions to a man in another department?—He is the Railway Stores Manager. He has the custody of these stores, and being one of the railway officers he is amenable to instructions from the accountant of the department.

136. Where is this document?—I have just had the document put into my hands, and it throws some light on the matter. This document is signed on the 4th May, but the date of supply given is the 11th March. It is the date of supply that is the 11th March, but the certificate is 4th May.

137. Who signed it?—It is signed George Felton.

138. What was he?—Stores Manager; but we must not confound the date of signature with the date of supply.

139. Were these stores on the 11th March available for the Working Railways if they wished to use them?—Certainly not.

140. Then the re-transfer was a bogus one?—The re-transfer only operated after the new year came in.

141. Where can we find that in the document?—That is the understanding of the arrangement. Of course, you will not find that in the document. We got that to accommodate ourselves; and as the financial year was ended on the 31st March it would be impossible that we could pay before the next year came in—before we got the funds.

142. If that voucher is a valid document, and the supply of goods took place on the 11th March, could not the Working Railways have used any of those stores on the 12th?—The Railway Department could have done so while they were in their custody.

143. Could they not in consequence of this document legally have used those stores?—No.

144. Why not?—Because the transfer only took place on the 1st April. The date of supply is an error. The clerk making an error in the date of supply would not have justified the Railway Department in using these stores before the new financial year.

145. I am not saying what was done, but what could have been done. Do you assert that there was no re-transfer on the 11th March?—There was no re-transfer on the 11th March. Some are dated on the 4th May, some on the 29th April—these are vouchers for different dates, but they are all in the new year.

146. Was this the fact, that although the document showed that the re-transfer took place on the 11th March, and yet it was not really so: now, was that explained to the Audit Office?—It was not explained to my knowledge, simply because no question was asked about it by the Audit Office. [Voucher put in, Exhibit B.]

147. Were you in the room when the Auditor-General was giving his evidence?—I was.

148. You heard me ask him as to the effect of this transaction on what is called the surplus in the Consolidated Fund?—Yes, I heard that.

149. And his reply was that had the £30,000 been obtained from "Unauthorised" the surplus would have been £30,000 less? Do you contend that that is wrong?—I do not contend that is wrong, but I have always talked about our working-expenses. I did not go into the Treasury Account.

150. You express no opinion?—I confine myself to the Railway expenses, leaving Treasury matters to the Treasury.

151. You express no opinion as to that?—No.

152. But your answer was that it did not affect the net result of the Working Railways Account?—No, it did not affect it.

153. Is that net account not a part of the balance of the Consolidated Fund?—No; the Working-expenses Account is entirely different.

154. I ask you as to the net result between the net revenue and expenditure. You said in answer to Mr. Montgomery that you knew nothing about the document in the Financial Statement?—I mean the result the Railway brings out and the Treasury brings out is entirely different, and it is the Railway Account that I go by. I cannot express an opinion on the Consolidated Fund.

155. You simply decline to express an opinion as to the effect on the Consolidated Fund, but confine your answers to the questions in so far as they affect the Working Railways Account?—Yes; that is so.

156. *Mr. J. Allen.*] You said in your evidence just now that the stores were piled up and withdrawn as needed for the Working Railways?—That is so; "piled up" meaning being put in stock.

157. Out of what vote are these stores purchased?—Out of the vote for the year—No. 60 it was last year—the Railway vote.

158. That is, the Railway vote in the Consolidated Fund?—That is so.

159. Then, are your stores each year, as they are purchased, debited to the railway working-expenses?—Only what is withdrawn to go in working the railways.

160. Then, are the whole of the stores purchased this last year debited to working railway-expenses?—No; only what is consumed.

161. Then, so far as the stores are concerned, the amounts debited on account of stores in the railway working-expenses and in the vote are different?—Entirely.

162. The stores, you say, are debited to Vote 60?—Yes, to the Railway vote.

163. I understand you to say that you sold thirty thousand pounds' worth of those stores to the Public Works Department?—Yes, in two sums of £15,000—the Public Works Department and the Additions to Open Lines.

164. Is not the Additions to Open Lines part of the Public Works Department?—Under control of the Minister for Railways.

165. Then, is this the position: that stores not debited to railway-expenses were sold to the Public Works Department to the extent of £30,000?—Yes; not debited to the railway working-expenses.