Mr. FitzGerald.

23rd Aug., 1877.

similar practice is followed in respect to parcels. The only return made by the Stationmasters directly to the Audit Office is the cash balance-sheet of the transactions of the station. The Stationmaster debits himself with the moneys received at the station, and credits himself by payments to the head station; and the Manager, in his weekly cash-book, debits himself with what he receives from the Stationmasters, and credits himself with what he pays into the public account in the bank. These cash accounts are weekly, as are all the accounts of Receivers of Revenue throughout the colony.

650. How many returns are made to the Audit Office weekly?—There are ten weekly returns made to the head office, which come to the Audit Office at Wellington as sub-vouchers; some of them very brief.

651. Are these furnished to the local Managers besides?—They come through the local Managers.

652. Then the recommendation of the Commission has not been adopted with regard to the system of audit?—I think so; there have been alterations in detail certainly.

653. I see clause 37 says: "On Saturday evening or on Monday morning the Stationmaster should be required to send direct to the Audit Office (*b*) press copy of outward way-bills, (*a*) and his balance-sheet."—I omitted to mention way-bills, because I did not regard that as a return. They are not made out for the purpose of audit, but for purpose of traffic. They are sent on from one station to another with the goods.

654. They were not included in the ten returns you mentioned?—No; I may be allowed to say here that, in my opinion, the original way-bills ought to be sent, which would save a certain amount of trouble. There is no object in keeping way-bills at the stations.

655. But in that case, in the event of mistake, reference would have to be made to Wellington?—Not if they remained for a week at the station. In that time way-bills are punctually copied into the warehouse and delivery-books, and whatever information might be required would be found there. I may say that on the New Zealand lines there has not been a uniform practice. Under the Christchurch system we found that way-bills were sent to Christchurch; in Otago the way-bills were left at the stations. In England too there are different practices on this point. It is a matter of detail about which differences of opinion exist. In the North Island we have always had the way-bills sent direct to the Audit Office, and never found any difficulty in the matter.

656. How long are the original way-bills kept on hand—are they filed or destroyed?—I do not know what is done with them, or how long they were kept in Christchurch; but I presume experience will teach us how long to keep them.

657. Does a Stationmaster, on sending out goods for different stations, make out a way-bill for each station?—Yes; in certain cases he might make out half-a-dozen way-bills for one station.

658. And all these, you think, ought to be sent to Wellington?—Yes; undoubtedly.

659. Has there been any increase to your clerical force in consequence of this new system?—Certainly; by taking over the Middle Island work the work has been tripled.

660. And your force has been increased considerably—tripled?—No; it has not been quite doubled in the Railway Audit.

661. Has there been a corresponding decrease in what were the Provincial Audit Offices?—I am not aware; but there should have been more than a corresponding decrease.

662. Although those offices have not only to do what they did before in receiving returns from country stations, but also to prepare summaries specially for Wellington?—They have to prepare nothing more than they had to do before.

663. They had no returns to make out for Wellington?—They had to make out just the same, but forwarded them to the local Audit Office. As I understood it, there were formerly two branches in each head station, the Accountant's Office and the Audit Office. The Accountant's Office had to prepare all returns, and the Audit Office audited them. The only difference is that now the audit is done in one office instead of a number of different offices; and, judging by my experience in these matters, I imagine that must result in a saving. I think the local audit ought to be entirely abolished.

664. Do you not think that by having a local audit any errors in way-bills would be more easily detected, and corrections made more expeditiously, than under the present system?—I do not know. My experience has been derived from working the Northern lines for the last two years, and I have come to think that all work should be done in one large office, under a good system. It is much better than when it is done in half-a-dozen offices. That is, I believe, the case in England; and after all, if the whole of our lines were finished and in working order, the work upon them would not be anything like that upon a single company's lines there; and I believe the whole of the auditing is done in London. In fact, I believe the whole of the auditing for England, Scotland, and Ireland is done to a certain extent in London, owing to the clearing-house system, and that is for 16,500 miles of railway.

665. As you have mentioned England, I would ask whether you have had any experience in railway accounts elsewhere than here?—Practical experience—none.

666. Is it not the case that under the present system certain returns have to be made four times, while under the old system they had to be made but once a month?—In the Middle Island.

667. There is consequently four times the amount of former work to be done?—Certainly not. The keeping of weekly accounts does not involve four times the amount of work involved in keeping monthly accounts. I believe there is a saving of labour by the weekly system; and I say this after having seen that system introduced into almost every branch of the service; because in keeping accounts in which there are a large number of small details a great deal of time is occupied in tracing out little errors. If, then, the weekly system is adopted, the clerks will very often be able to correct these errors from memory; but if the accounts are let go for a month, the consequence is that a great deal of time is wasted in searching over a mass of complicated details in order to find out some small error.

668. You are speaking of other accounts than those of railways?—I look upon railway accounts in just the same light.

669. You think the same system will be practically applicable to the railway accounts?—I have found it work with the greatest smoothness during the two or three years we have been working the