This is a very rough copy I made this morning from the Treasury records. I had simply to obey instructions. [See Exhibit Q.]

26. Subsequently, then, you did allocate it, or is the allocation made in the Treasury?—No; there is an officer appointed, who goes round once a month. He goes through the cash books, and allocates the revenue to the county or the Natives.

27. What is his allocation of this £780? How much goes to the Natives, how much to the local authorities or rents on Crown land?—As I said in my memorandum, only £1 12s. goes to Native revenue. I have the items: St. Hippo Licensed Holding, 7s.; New Maratoto Licensed Holding, 6d.; St. Hippo Extended, 3s.; Crœsus Special Claim, 12s. 6d.; Potumus Licensed Holding, 9s. That makes a total of £1 12s.

28. If you had received in cash the whole of this £780 you would have sent it down and credited it to the Native Account?—I would.

29. And then the Natives would have got out of that £1 12s.?—£1 12s. Of course, I am only speaking as to the surcharge.

30. Of the land at Paeroa, which is in the jurisdiction of the Court of which you are Clerk, Mining Registrar, and Receiver of Gold Revenue, what proportion does the whole bear as between Crown and Native lands? Say you were getting £1,000 for rents—take a general average—about how much would go to the Natives and how much to the Crown?—You see the rent of Native lands is only 1s. an acre—perhaps £4 or £5, roughly speaking.

31. If they took up your books they would find a credit of £1,000, and the Natives would only get £4 or £5 of that?—Yes: that is, if I took £1,000.

32. Can you give us any idea of the grounds there would be for this charging of the Native Account on the part of the Treasury?—No, I cannot. I only know that I protested against it at the time and I was overruled. The reason I protested was because I thought it was not correct.

33. And by the directions of the Treasury you have been certifying to incorrect statements all the time?—Yes, with the knowledge of the Treasury. I have had to obey instructions, of course.

34. There is no doubt about the allocation of claims on Crown lands, because the rental is fixed at 10s.?—Yes, that is so.

35. And on Native lands they are 1s. an acre, with a special distinction as to miners' rights?—Yes.

36. There could be no possible doubt about it on your part?—No.

37. Could that be checked by the Treasury or Audit?—I do not think it could be.

38. Are not copies sent down?—I do not think they have copies of the plans showing how much is Native and how much is Crown land.

39. *Mr. Fraser.*] Would not the travelling Auditor see to that, and check them?—Yes, he could.

40. *Right Hon. R. J. Seddon.*] It is his duty to check all these things?—Yes, and he does.

41. There could be no doubt as to the allocation?—There could be no doubt as to the allocation.

42. Then, on whose certificate is the final allocation made—by the Treasury, or is it by you?—No; it is all on Native Account. This officer (Mr. Cave) goes round and picks out the different items, and then applies to the Treasury for an imprest for Mr. Jordan's account at the Thames, and then he draws on the Imprest Account, and pays the various owners.

43. Then, who pays the local bodies?—He does, out of imprest.

44. It makes one imprest instead of two—the imprest on Native Account?—Yes. Under the other system the local bodies were paid by the Treasury. It is all credited to the Native Account, and the allocation is made subsequently.

The Controller and Auditor-General further examined.

45. *Mr. Fraser.*] Mr. Warburton could possibly explain this mode of doing it, and I would like to ask him a question. (To Mr. Warburton): With regard to this question of allocation, do you think it is an improvement to have it all done by one officer for the sake of correctness? Is it better to have it done by one officer than for each Receiver to allocate it in the first instance and for his allocation to be checked by your officer when he goes round?—I think the Receiver's account should be correct. He certifies to it as being correct, and it should be correct. He sends in the account showing that all this money not going to the Natives is allocated to Native revenue and acknowledges it is correct. That is not right. But I think the Receiver could, as impresstee, or in another more direct way, allocate the revenue and distribute it himself. Everybody else who may have to make the distribution has to go to the Receiver, and he could effect the distribution better than anybody else. The local Auditor, of course, should check the Receiver. He is the only officer of the Audit Department who conveniently can see the documents and ascertain the proprietorship of the lands and who can, before the Receiver makes the distribution, check him.

46. *Right Hon. R. J. Seddon.*] Then, in other words, this young man in objecting to the system now obtaining is right, and the Treasury is wrong?—I think so, certainly. He objected to sign a statement as correct which was not correct. It was only within the last day or two that I became aware of that instruction by the Treasury. I learned it through making inquiry as to how the dispute between us arose. [See Exhibit Q.]

47. After having heard the explanation of the Receiver of Gold Revenue in respect of this matter, do you think this is a case for harsh treatment, or is it a case where the authorities would be justified in removing this surcharge?—I do not think you could remove the claim of the local bodies and Natives, but the question whether the rents go to Natives or to local bodies does not affect the surcharge. The amount of the surcharge is money due to the local bodies and the