If there is an unusual demand the Postmaster telegraphs to Wellington, and is supplied with funds within an hour or two.

92. Does it necessarily follow that these amounts are all trust moneys?—It does not follow that they are trust moneys. We collect for nearly every department. I understand Mr. Warburton considers that all moneys collected by the Post Office are trust moneys until they are paid over. Our general revenue is not regarded as trust moneys.

93. Has there been any considerable delay or difficulty with the Treasury in supplying you with money?—There have been slight delays, particularly with regard to this December quarter. We requisitioned for two amounts, one on the 17th December, and the other on the 30th, and they were not satisfied until the 10th and 12th January. In the meantime the December quarter's account was closed, and showed a debit balance.

94. Christmas is rather an awkward time?—Yes.

95. With that exception, there is nothing to complain of?—There was a slight delay in the September quarter. We requisitioned on the 25th September, and the amount was not lodged until the 12th October.

96. You have kept within the appropriations—there has been no exceeding of votes?—No; the votes have not been exceeded in consequence of the imprest having been exhausted. There is a little trouble at the end of the financial year.

97. You are paymaster for the other departments?—Yes. [See Exhibit O.]

98. There has been neither inconvenience, loss, nor expenditure beyond what was voted?—No.

99. And you are of opinion that the old system which obtained prior to 1888 would be much more convenient?—That is my opinion. There would be no need for imprest then.

100. Can you give us any idea why they started the imprest?—I believe it was the decision of the Treasury and Audit that payments made without pre-audit should be made out of imprest.

101. You agree with the Auditor-General on that point of post-audit?—Yes. Post-audit does not lessen the responsibility of departments. The Audit Office has still the final audit.

102. Has the Auditor-General made this correspondence the subject of controversy?—No. It was a great surprise to me to find such a certificate attached to the balance-sheet. My opinion is that it should not have been put there. If there was an evasion of the law the Controller should have called attention to it before.

103. No attention was called to this under Mr. FitzGerald?—No; no attention was called to it by him.

104. You were not warned beforehand, or asked to rectify it by making other provision?—No.

105. The first you heard of it was when you saw the tag?—I heard that the Auditor-General was making inquiries, but in what direction I did not know. The first I did know of it was on seeing the certificate.

106. Do you think that is conducive to harmony between two departments?—If the Controller had queried the September instead of the December accounts I would not have been so much surprised. The treatment of the December accounts was scarcely what was to be expected.

107. Mr. Warburton was in the Post Office Department?—Yes.

108. In the Accounting branch?—Yes, he was Controller and Accountant.

109. Was he there at the time these other transactions were going on?—Yes, some of them; I think he admitted he was. He left in 1891. The £19,000 debit in 1889 occurred when he was there.

110. He was eighteen months Auditor-General before he took action, and took it suddenly, by this tag?—That would be about the time, I think.

111. Was the feeling between you while he was connected with the Post Office always of the most cordial character?—So far as the business was concerned, yes; there was a little feeling otherwise.

112. *Mr. Fraser.*] Did you say that the Auditor had never remonstrated with the department in any way at all?—Not beyond what he read out to you to-day. That was in January last, after the end of the calendar year. I believe some of his officials had been making inquiry whether the Treasury had been promptly satisfying our requisitions, but his memorandum of the 12th January was the first I knew of it officially.

113. He wrote in January to you?—Yes.

114. And you replied on the 17th January: there was nothing between those dates?—Nothing whatever. Some of this correspondence I had not seen before.

115. *Mr. Tanner.*] Did Mr. Warburton, when filling the position of Controller and Accountant in the Post Office, in his official capacity call attention to this practice?—No, not to my knowledge.

116. He must have been aware of the practice?—He admitted to-day that he knew of it.

117. He never made any objection or called any attention to it?—No.

118. And the law was the same then as it is now?—I would not say that. It was practically the same. There was a direct instruction [see Exhibit P] from the Treasury and the Audit Departments from 1888 with regard to our imprests, but I think it was not until 1891 that reference was made to Post Office imprests by Act.

119. It was an instruction in 1888, 1889, and 1890, when he held office in the Post Office, which was afterwards crystallized into law in 1891?—Yes. The law, of course, was technically evaded, as Mr. Warburton says, but it was not until last December quarter's accounts that he took any official notice of the evasion.

120. *Right Hon. R. J. Seddon.*] But was it not an evasion in 1887, 1888, and 1889?—Certainly it was.

121. *Mr. McLean.*] There seems to be a very large number of accounts in the office?—Yes.