3. What is the next point, then?—The next point, and the main one, I think, is the question whether the Audit Office—but before I go to that I should say that the Advances to Settlers Office submitted a statement of the investments on the 9th July, 1902, as complying with the statutory requirements of section 50 of "The Government Advances to Settlers Act, 1894." Well, the statement which was submitted, and the Audit Office report on which appears on page 7 of the paper, is not given in this correspondence. The statement was as follows:—

INVESTMENT ACCOUNT.—SECTION 53, (3).

Receipts.	£ s. d.	*Expenditure.*	£ s. d.
3-per-cent. loans redeemable 1st April, 1945	2,646,333 6 8	Advances on mortgages	3,035,230 0 0
Repayments	667,953 3 8	Temporary investments—Bank of New Zealand guaranteed stock ..	4,836 17 0
Public Trustee—refunds	147,154 1 3	Sinking Fund investment (repayments)	172,268 12 3
		Assurance Fund investment	43,872 9 6
		Repayment of advances on loans ..	140,000 0 0
		Balance	65,232 12 10
	£3,461,440 11 7		£3,461,440 11 7

It is necessary to give that, I think, in order that the Audit Office report on page 7 of the paper may be understood.

4. *Mr. W. Fraser.*] I would like to ask whether the table read out by the Auditor-General is really part of the correspondence that passed between the Advances to Settlers Office and the Audit Department, and, if so, why has it not been printed with the other tables?—I did not prepare this correspondence. It was prepared and submitted to the House without any reference to me.

Mr. J. McGowan (Superintendent of the Government Advances to Settlers Office): I have not seen this memorandum which has been read.

Mr. Flatman (to Mr. McGowan): Is that table not from your office, then?

Mr. McGowan: So far as I know, everything that reached our office is printed here.

5. *Mr. J. Allen.*] What balance-sheet was that, Mr. Warburton?—The statement on which the Audit Office report was made.

6. Where did you get it from?—I got it from the statement signed and submitted by the Superintendent of the Advances to Settlers Office and his accountant.

7. Was it submitted to you from the Advances to Settlers Office?—Yes.

8. *Mr. Flatman.*] Where is the original, then?—It was returned with the report made upon it.

9. *Mr. W. Fraser.*] Do I understand that the table which you read just now was referred by you to the Advances to Settlers Department for their comment, or was there any comment of yours on it? You say that your report was based on it?—Yes; and my report was attached to it. It is in the statement furnished as the balance-sheet to which the memorandum refers, which is signed by Mr. Fowler, on page 7 of the correspondence: "Kindly submit for audit a signed balance-sheet which shows the requirements of section 50 and subsections Nos. (1) to (5) of 'The Government Advances to Settlers Act, 1894.'"

10. You do not follow my question; you say that your report was based on the statement of figures that you read out just now?—Yes.

11. What report do you refer to—a report that you sent to the Advances to Settlers' Office?—The report that I returned to that office.

12. Did you send that table with it?—It was attached to it. My report was attached to the statement.

13. Are you sure of that, in view of what Mr. McGowan has just said—that it never went to his office?—I am quite sure of that.

14. How do you account for its going astray?—I cannot account for that.

15. You sent it?—Yes, I sent the statement back with my report.

16. *Mr. Flatman.*] Do you know whether it was attached to any other paper?—There were several papers attached to it. I think a portion of this correspondence was with it. Preceding my report is this memorandum: "Will the Controller and Auditor-General be good enough to say in what respects the 'balance-sheet' submitted falls short of statutory requirements.—JOHN McGOWAN, Superintendent. 8/7/02." My answer is, "An unsigned paper cannot be regarded as the Superintendent's balance-sheet under section 50 of the Act. If the Superintendent will affix his signature to a balance-sheet, and show what the subsections (1) to (5) require, and will then submit such for audit as the balance-sheet and accounts prescribed by the section, the Audit Office will report thereon.—8th July, 1902." The next memorandum is: "A signed account submitted as the statutory balance-sheet received.—9th July, 1902.—J. H. FOWLER." That is the account on which I reported. I have not looked through the whole of the correspondence printed here, but I do not see the statement. It should come in just before my report.

Mr. J. Allen: Perhaps Mr. McGowan will tell us where that statement is, if it is here?

Mr. McGowan: I do not see it here.

Mr. W. Fraser (to Mr. McGowan): Did you send any such statement?

Mr. McGowan: I ask here (on page 7), "Will the Controller and Auditor-General be good enough to say in what respects the 'balance-sheet' submitted falls short of statutory requirements?" That is the balance-sheet which was first sent up unsigned but afterwards signed.

Mr. W. Fraser: My question was, did you send to the Audit Department a statement of figures similar to what Mr. Warburton has just read out?

Mr. McGowan.] I could not follow him.

17. *Mr. W. Fraser.*] Have you got it there, Mr. Warburton?—Yes.