

2. *The Chairman.*] We threshed this matter out last year, I think. The evidence upon the paper is contained in the Appendices to the Journals, I think?—I do not quite recollect that; but there was a case this session of practically the same question—*i.e.*, whether the railway revenue included the moneys received in Wellington or not. It is really the same question.

3. *Mr. Palmer.*] Has not the same thing happened before this year?—Yes.

4. Then, how is it the question was not raised before?—I cannot say that I observed it particularly. This year I came to look for the particulars of the amount received which was entered in the Public Accounts and the discrepancy then came before me. I could not understand for the moment the account which I had certified last year. It turned out that I had to deduct moneys received in the Post Office for one year and add the moneys so received for another year in order to bring the Valuer-General's Account into correspondence with the Public Account of revenue and expenditure.

5. When amounts of £25,000 and £50,000 come into the Post Office Account in one lump I suppose it takes a considerable time to separate which is Post Office money and which money under the Advances to Settlers Act?—No; I think the money is separated at once; the Post Office separates it. They separate the amounts for each Department.

6. *Mr. J. Allen.*] Is there any dispute between the Audit Office and the Treasury as to the interpretation of the words "Public Account"? Are you both clear on that?—I have no doubt myself. First of all, section 23 of the Public Revenues Act provides—and the Valuer-General's Account is a "public account"—that, "The Receiver-General shall, day by day, prepare from the cash-books or abstracts of the several Receivers, and shall send to the Audit Office, an account showing so much of the moneys paid into the Public Account or otherwise by such Receivers as he shall not have previously included in any such account; and shall distribute such moneys to the several funds under the several heads of revenue, or to the credit of the several votes requiring to be credited, according as the same have arisen; and shall at the same time send to the Audit Office all the copies or abstracts of Receivers' cash-books and other vouchers in support of such account. The said account, when certified by the Audit Office, shall be deemed to be the Revenue Account of the colony for the day to which it relates, and shall be recorded in the books of the Treasury and Audit Office accordingly." Then, the Treasury regulations provide that the "revenue" means the moneys received in the Public Account at the bank at Wellington.

7. *Mr. Palmer.*] You say it is not Public Account money until it is actually in the bank?—That is so. The moneys are not revenue until they arrive at a particular point.

8. *Mr. J. Allen.*] Must there not be some particular point at which they do become revenues of the Public Account for the purposes of audit?—That is the particular point.

9. What I want to know is, is it necessary there should be that particular point?—The Act so provides, but I do not know of any other necessity.

10. Could you audit them satisfactorily without having a particular point?—It would take longer. Suppose, for instance, that moneys were lodged at the Agent-General's office in London, I should have to wait until the accounts came out if I had to audit all the receipts of every Department.

11. *Mr. Guinness.*] But is it not a fact that if you take when these moneys are received at the bank at Wellington to mean the date to which the revenue is to be made up it will not show the true state of the finances on that particular date, for money is in the hands of certain officers although not actually paid into the account?—That is so; that is the condition of the public revenue.

12. Well, then, do you not think the Act requires amending in that respect; that in order to ascertain what is the state of the public revenue on a particular date you should take into account—and the Treasury should take into account—the moneys actually paid into the bank on that date and moneys in the hands of officers on that date?—That would be a complete account. I certainly think so; but it would take some time to have it ready for publication. For instance, the Post Office renders its account to the 31st December, and that includes every receipt in, say, London—in fact, in every part of the world—and every payment by its officers to the 31st December.

13. *Mr. J. Allen.*] Of course, if Mr. Guinness's contention is correct with regard to revenue, it will apply also to expenditure?—Quite so. Every item of receipts and expenditure in the Post Office is accounted for at the 31st December; but with the Public Account in New Zealand we close the accounts at a certain point, and we keep out some expenditure and revenue.

14. *Mr. Colvin.*] Then, you do not get the true state of the accounts?—No, we do not. A large amount of money actually expended is required by the Act to be treated as advances in the hands of the officers of the Government.

15. *Mr. J. Allen.*] You see a difficulty in so designing our accounts as to provide that every item should be brought to account?—I do not think there is any difficulty whatever; but it would be a matter of the time to be required in presenting the accounts. It would take longer.

16. Would it make the B.-1 return later than it is now?—I do not know anything about the B.-1 return. That is a Treasury matter.

17. *Mr. Guinness.*] The Valuer-General says it is impossible to disclose the true financial position without including the balance in hand, and moneys received and accounted for by the Post Office, and yet the Audit Office refuses to allow them to appear?—I do not object to a book-keeper's statement by the office, but all that I can certify to is the revenue and expenditure according to the Public Account. I suggested to the Valuer-General that he might make one statement of facts for my signature, or for my certificate, and that he might add below that which would make it a book-keeper's account. I think I stated so in the papers. Yes, the last memorandum on page 2 reads, "The statement which the statute requires, being one of moneys received into and expended out of the Public Account, cannot include any but the moneys so received and expended. To include them, indeed, makes the statement untrue. It will, however, overcome any