243. Should it not be the duty of any head of a Department to endeavour as far as possible, so long as you hold that opinion, to comply with your request?—No. I regard every official as the hand of the Minister. I assume that he does nothing except by the authority of the Minister.

244. *Mr. E. G. Allen.*] What is the difference between the balance-sheets presented last year and those of this year?—One is the balance-sheet, as I understand it, for the two mines.

245. There are two balance-sheets?—Last year there was a balance-sheet for each mine separately. The liabilities as well as the assets were separated. This year the liabilities for loan-money are not separated. There is one balance-sheet for the two mines.

246. Would it be possible to satisfy the Audit Department without keeping two sets of books?—No, not as the law stands at present.

247. If you had a separate balance-sheet for each mine you would want a separate set of books for each mine?—You could not very well prepare the balance-sheet without.

248. Do you think it is necessary or advisable to alter section 108 of the Act?—I have no opinion on that point at all.

249. *Mr. Flatman.*] You say that, in your opinion, it is possible to present balance-sheets in accordance with your interpretation of the Act?—Yes.

250. Would it be much more expensive to do that than to follow the present system—would it involve extra time and expense?—It might. The difference would be so trifling that I could hardly calculate it. There would certainly be a little more book-keeping involved.

251. Take a case of this kind: A depot is established, we will say, in some town in the South Island, and there are 10 tons of coal from one mine and 8 tons from the other. How would you apportion the charges for the sale of that coal?—The depot would be purchased for both mines. Say each mine were represented by an independent proprietor: the two proprietors working together would agree to bear so-much of the expense each. They would agree among themselves how much of their capital should be applied to the purchase of the depot, and there would be an end of it.

252. *Hon. Mr. McNab.*] Do I understand you to mean that all the items in connection with all the transactions should be entered up so as to show how much of each is charged to each of the two different mines?—I think so; but I stated in the memo. I wrote some years ago that a general account should be kept by the Department and periodical transfers made—that is to say, where the general expenditure cannot well be divided at the moment it should be kept in a general account, and transfers be periodically made to the separate accounts necessary for the presentation of separate balance-sheets.

253. What should be the length of the period?—That would lie with the Administration.

254. If the Administration determined that some of the accounts could not be transferred till the end of the year, would that be exceeding their powers?—The Audit Office would not object.

255. In the case before us, have they not at the end of the year apportioned those charges that, in their opinion, could not well be apportioned as they were incurred?—They have apportioned the charges in this general balance-sheet, but they have not prepared a separate balance-sheet for each mine showing them separately.

256. Then, in spite of that apportionment, you want to go back to a separate account for each mine, showing each thing charged against it?—Yes; but you must take the two sides of the accounts. On one side it is not so.

257. You also want that account?—Yes.

258. Very well. We will suppose that the Head Office telegraphs to Auckland asking what quantities of coal they will want from each mine, and they reply. Those two telegrams cost 1s. Do you expect the Department to show in an account 9d. entered for one mine and 3d. for the other?—We are not requiring that.

259. I am starting with that. I want to know exactly where your point ends and where it commences. You do not object to that?—I do not say that I object or consent to it. I would not divide 1s. for a telegram into 9d. and 3d.

260. Would you divide it into 6d. and 6d.?—This is not a matter for the Audit Office, surely.

261. But this is your very point: you are objecting to the Department carrying these items forward to the end of the year for apportionment?—It is the very opposite. I say that is all right.

262. I understood that you wanted an account kept where each charge against the mine was to be shown, and what I wanted to get at was whether in that account — that second account — you wanted this 1s. for a telegram divided into 9d. and 3d.?—You misunderstood me. I meant that, with regard to things like postages and telegrams, there would be, according to my memo. of instructions some years ago, a general account kept of the postages and telegrams for the two mines——

263. Lumped?—Yes; and the total of these would be transferred periodically—perhaps once a year—in a reasonable proportion for each mine.

264. Do you say that that has not been done?—It has been done.

265. Then, what is your objection to that?—We have not got a balance-sheet for each mine.

266. On the balance-sheet for each mine would you not have to show the proportion of that charge that went to each mine?—No; the balance-sheet shows the total for the year.

267. But for each mine it would show the proportion of the assessment at the end of the year, would it not?—Yes; it would be shown in a balance-sheet for each mine, as it has been shown in this balance-sheet for the two mines. The postages and telegrams have been divided here as they ought to be divided in a separate balance-sheet. Here is the item: "Telegrams and postages, £174 0s. 7d." That is for Point Elizabeth. For the Seddonville Colliery, "Telegrams and postages, £116 0s. 5d."

268. The postages and telegrams are shown for each mine?—Yes.

269. Then, what further do you want than that?—I want a separate balance-sheet for each mine.