WILLIAM RUSSELL MORRIS examined. (No. 6.)

1 *The Chairman.*] What are you?—Assistant Secretary and Inspector of the Post Office.

2 *Right Hon. Sir J G Ward* ] From what source, Mr Morris, would the Post Office obtain the funds necessary to give effect to the proposals under which it would provide the funds now issued by the Treasury?—The Post Office has at all times a very considerable sum of money in its possession resulting from receipts from various sources. That, together with imprests from Treasury, enables it to meet a very extensive payment. A country Postmaster has in his hands money-order moneys, savings-bank moneys, and general revenue, and it is not necessary to make any distinction between them—they are in the aggregate available for the purpose of making payments which the Postmaster is authorized to make. If a country Postmaster fell short of funds, he would apply to the Chief Postmaster to replenish his supply, and in extreme cases where a Postmaster could not be credited quickly we have an arrangement by which the Postmaster would apply for funds by telegraph, and those funds would be placed to his credit at the Government's bank in the nearest town The Postmaster is supplied with cheques to enable advantage to be taken of this arrangement, and he can discharge payments by cheque; but he has always moneys in his hands apart from those issued by the Treasury

3. Is the proposed system of credit notes likely to embarrass the Post Office in regard to providing funds?—No, not in the least. The Treasury provides us with money by way of imprest. We do not send this money down to the particular post-offices; we simply send them authorities to pay, and the adjustments are between the General Post Office and the Treasury in Wellington. It may be that the payments at times exceed the imprests made to us, but that is simply a matter of adjustment.

4. I should like you to give the Committee your opinion in regard to whether the small country post-offices generally could met the proposals that are contained in the memorandum which I previously read?—Yes, most decidedly they could. Might I refer to the question of co-operative workers? We have had quite a considerable number of these cases. The Postmaster is authorized to make an advance to the engineer or officer in charge of the works, taking his interim receipt for the advance so made, and subsequently receiving from him the receipted vouchers which he claims credit for in his account to his chief office, and through his chief office they reach the Treasury, so that they are never at a loss. The engineer or other responsible officer acknowledges the receipt of the full amount to pay the wages of these men, and it is an undertaking on his part that he shall subsequently produce a receipt signed by each man to whom payment has been made.

5 *Mr Reed* ] And do those vouchers then pass through the Post Office?—Yes, and the Postmaster takes credit in his account with his Chief Office for a remittance of the amount mentioned in those receipted vouchers. When it reaches the Chief Office it is entered in a statement of miscellaneous payments, and taken credit for in an account rendered to the General Post Office in Wellington. The vouchers are then sent to the Treasury as a credit against the imprest that we had. If we have made any payment in excess of the imprest, the Treasury refunds the amount to us, and puts us in funds at once.

6. *Right Hon Sir J G Ward* ] Would the adoption of the proposals mentioned prejudicially affect the Department's control, or weaken in any way the Department's audit?—No, not in the least Certain officers would be appointed in each district to certify to the correctness of the vouchers, and they would be sent to the Post Office for payment. The Treasury credit notes which it is proposed to issue are only supposed to be used for amounts required for immediate expenses. At the present time imprestees are given large advances to cover payments which, under the proposed arrangement, would be made by way of vouchers submitted to the certifying officers in the particular district, and subsequently sent to the Post Office for payment.

7 What is your opinion as to how it would work from the standpoint of economy—would it be more economical than the present system?—Yes, decidedly, because imprestees have to make out rather elaborate accounts under the present system. I also think there would be a safeguard against irregularities.

8. The Post Office at the present time collects the revenue for a considerable number of Departments?—Yes, for almost all.

9 And is responsible for expenditure for a great many Departments?—Yes.

10. Is it possible to have that extended without the Post Office experiencing any difficulty?—Yes, we have got the machinery, which is quite equal to any demand which is likely to be put upon it.

11 Do you agree with the statement that has been made by the Controller and Auditor-General, and referred to in the memorandum which was read, that certain Departments should be exempted from the proposed system, and have imprests?—Yes, I think so. The Railways would certainly have to be exempt, and the Customs.

12. The general experience of the Post Office has been that the audit has been after payment: do you agree with post-audit as against pre-audit?—Yes, most decidedly; and as evidence of its superiority I would refer to the fact that every commercial institution and Government in every British-speaking country has the post-audit system in force. New Zealand is the only place that has pre-audit.

13. *Mr Allen* ] What about South Africa?—I believe they are proposing to adopt post-audit. If a voucher is passed under pre-audit for £30, there is nothing to prevent it being paid for £300. There is no subsequent check by the Audit Office. Or it may be paid to John Smith instead of Tom Brown. There are a variety of irregularities that could occur under pre-audit.

14. *Right Hon Sir J G Ward.*] And under the post-audit system?—There would be a complete check.

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