

would have become a receiver under the Act, and would have had to account to the Audit like an ordinary receiver.

22. If I had written to that effect you say it would have been sufficient under the 7th section?—It would have been sufficient under the law; but I should have considered it a great straining of the Act, and a great impropriety that a Minister should personally be the custodian of public money. My opinion is that the whole bearing of the Act is that public money should be in the custody of the proper officials and not Ministers of the Crown.

23. Then, your opinion is that it would have been outside the Act?—Exactly. It would have been a perfectly novel and unknown transaction to make a Minister a responsible accountant to the Audit Office.

24. Is he a responsible accountant as the money now stands?—No; he is in the position of holding public moneys to a private account, of which I know nothing except by hearsay.

25. Then, what have you to do with it?—Because I called on him, under the law, to pay it into the Public Account.

26. How do you know it is public money if you know it is held in his private account?—I hold it is public money, because it is money paid as a deposit to a Minister to be expended in the public service.

27. How is it you can apply at all in the matter? If the Minister is not at the present time an officer in the public service, what have you to do with him at all if he does not come under the 7th section? If he is not that, what have you to do with him?—I do not quite understand the question.

28. You have said it is highly wrong for a Minister to have any public money standing to his private account?—Allow me to explain. I do not mean by "private account" an ordinary private account; I mean an official Government account, but in his own name and in his sole control.

29. I understand you to say that, under the 7th section, money which you conceive to be public money has been paid to a person in the public service?—Yes; the fact of any one, public or private, receiving public money constitutes him a receiver under the Act.

30. Then, kindly tell us what public money is. Supposing the Board had paid over this £18,000 to Mr. Kelly, what would have happened?—I should have nothing to do with it.

31. It would not have been public money?—No.

32. What makes this public money now?—Because it is paid to a Minister for expenditure. It is most likely the whole expenditure in connection with the railway would have been paid out of ordinary votes for railways, which would have been re-credited out of this deposit.

33. I am trying to get the absolute fact, not probabilities. I want to know why you consider this public money?—I am certain the public would have been responsible if anything went wrong with it. The country would have to pay the money back if in any way it had been lost or misspent.

34. You give that as your opinion, not the law?—Certainly. I consider it was paid in trust to the Minister for Public Works.

35. Then it was paid to a public officer?—Yes.

36. Then, if you say it was paid to a public officer, I want you to say why I could not have directed it to remain in that deposit account?—I do not say you could not. I say it would have been a very irregular and, in my humble opinion, an improper transaction that money should remain in the personal account of a Minister.

37. That is your opinion?—That is so far my opinion that I thought it a question Parliament ought to decide. I know it has been so considered by other Ministers on somewhat similar occasions. I know there have been remonstrances from the Audit Office for simply issuing imprests to Ministers for their travelling expenses. The late Ministry agreed that it was improper and indecent that the Audit Office should be brought into personal collision with a Minister, and so since then imprests for Ministers' travelling expenses have been issued to their Secretaries.

38. When it came to your knowledge that the Board had paid this money to the credit of the Minister for Public Works, making a special agreement with the bank with regard to interest, your desire then was that it should be transferred by the Treasurer, under the 7th section, to some other officer. Was that your object?—All that we should have been informed was that it was held by the Minister for Public Works, under the law, as receiver, and then he would have had to account accordingly.

39. You would have been quite content to have the Minister for Public Works as receiver?—By law; although I still consider it would have been an improper transaction.

40. Supposing I had written across this, "Let this remain to the deposit account of the Minister for Public Works," would that have satisfied you?—Yes. Then he would have been an accountant.

41. Is he an accountant now?—I cannot say until the question is settled whether this is public money.

42. If this is public money is he an accountant?—Certainly.

43. Then, is there any doubt in your mind that it is public money?—None in my mind.

44. I suppose you will call upon him as being a public accountant?—Certainly.

45. With regard to payments on deposit account, and repayments to the depositor, is any authority of Parliament necessary? Take this case. Could the Minister for Public Works now pay back this money to the Harbour Board by cheque?—Of course he could.

46. But supposing this to have been public money?—Then he would have been an accountant.

47. Then, I understand in either case this money should have been returned by Mr. Johnston's cheque to the depositors?—Yes; but in that case the Audit Office would have the opportunity of reviewing what had been done with the money.

48. But he is an accountant both ways?—If it is established that this is public money he would have to do it.

49. Your whole action was taken on your conviction that this was public money?—Yes.