

necessity for reporting to Parliament providing you got the approval of the Minister for Public Works?—I did not say that.

47. See the last paragraph of your letter of the 3rd March?—I think that means quite the contrary—that it is a question.

48. Your language certainly bears two interpretations. You say that is put in the form of an interrogation. Do you or do you not say that your language there bears two interpretations?—No, certainly not. “The question consequently arises whether.” It is certainly to my mind very clear.

49. At all events, there was that doubt in your mind?—On the 3rd March?

50. Yes; and you then knew the whole nature of the transaction—that it was to be an “accommodation” for the Railway Department, and the transaction did not seem to be of such a serious nature that it should be reported to Parliament?—You forget that on the 5th March, two days later—and Mr. Seddon has acknowledged what took place—the explanation given by the Government of the transaction was that, in view of the deficiency of the appropriation for unauthorised expenditure, in consequence of a mistake in administration, £50,000 was lost.

51. *Mr. Montgomery.*] You said, “I was fully apprised of the transfer on that date,” the 3rd March. As a matter of fact, did not the transaction assume a more serious aspect after you became aware of the re-transfer?—I have explained that. It assumes this difference: On the 3rd or 5th March—say up to the 5th March—I regarded the transaction not as one I could stop as illegal, but as one which was not contemplated by the law. When the information came to the Audit Office that the stores had gone back immediately after the sale, then I pronounced the transaction as one which the Audit Office would not have passed, and therefore illegal.

52. That is as far as the re-transfer? You would not have stopped the transfer of stores—merely transfers?—I did not stop it. I passed it in the conclusion that I should be justified in doing so if I reported it to Parliament.

53. That is in your letter of the 5th March?—Yes.

54. *Mr. Fisher.*] Can you say of your own knowledge whether a re-transfer did take place?—I can only go by the vouchers. The date of service of supply in the vouchers for the re-transfer was the 11th March, while the original transfer was passed on the 5th.

A. C. FIFE sworn and examined.

55. *The Chairman.*] What is your Christian name, Mr. Fife?—Alexander Christison.

56. What position do you occupy in the public service?—I am Accountant for Railways.

57. Are you aware of the transaction that is mentioned in this paper known as B.-22, 1898, which the Committee is engaged inquiring into?—Yes, I am aware of these transfer vouchers.

58. Will you explain to the Committee the nature of the transaction?—The Railway Department pays wages four-weekly. During the year up to the 5th March, there being a very large excess of revenue over the estimate, in order to earn that excess the appropriation of our vote had run a little bit short. In such circumstances the Railway Department invariably looks to be subsidised from “unauthorised” to meet such expenditure. On the 5th March, or towards the 5th March, I found that the balance in our vote would not meet the wages due at the 5th March—that is, for the four weeks ending the 5th March; and on that account I had a consultation with Mr. Heywood, of the Treasury, and he said that, a part of the “unauthorised” being locked up, he could not accommodate us. Therefore, as the period ended on the 5th March, and as I had to remit the money to the different stationmasters to pay wages on the 9th or 10th at the latest—we are always about a week behind by the time we make up our pay-sheets, and they are not paid exactly when due, but about a week afterwards—I had to beat about with the Treasury to find ways and means to pay these wages. At the time, our stock of stores stood at about £113,000—this would be about the 24th February. Although the wages are due on the 5th March, we have to exercise a little foresight previously. That stock of stores afforded the readiest way of raising the money to pay these wages with. Therefore the Treasury thought that they would make arrangements with the Public Works to accommodate our department to the extent of £15,000; £20,000 was spoken of originally, but £15,000 was the actual accommodation that the department received. There was another vote within the Minister for Railways’ own control, which is called “addition to open lines,” and afforded another £15,000 to us. By this transfer our stock of stores was reduced another £15,000, because the transfers carried these stores with them, and the different departments would be debited with these amounts and the railways credited. The estimated revenue for the year was £1,275,000, but what we realised was £1,376,000. I am speaking from memory, but that is about it; that is about £101,000 over the estimate; and the position was simply this: that in order to earn that £101,000, as we had not got the money in “unauthorised,” we had to raise it from somewhere else, or else the men had to go without their pay. I think that covers the whole transaction. Of course the mere transfer of these stores simply establishes the honesty of the department. The department had nothing to hide in the matter. I am referring to the value of the stores. There were two transfers. Then, immediately the year closed the department was going to get its stores out of pledge, and pay the departments back the moneys they had advanced to us temporarily. I think that only establishes the honesty of the intention of the department. It shows that we had nothing to hide whatever.

59. *Mr. Montgomery.*] You say that immediately the year closed the department proposed to take these stores out of pledge?—Yes.

60. What was the date of the re-transfer of the stores, if such took place?—We were not really in a position to pay immediately the year closed, because we had only three months of the annual vote passed by the House. Of course, we had only three-quarters of the money to go on. We wanted to go on until the Imprest Supply Bill was passed. It would have been inconvenient otherwise for the Department to pay until the Imprest Supply Bill was passed.