

SATURDAY, 29TH OCTOBER, 1898.—(Mr. TANNER, Chairman.)

A. C. FIFE, Accountant, Railway Department, further examined.

1. *Rt. Hon. R. J. Seddon.*] I wish to ascertain, Mr. Fife, whether this transfer transaction in any way affected the Public Accounts of the colony. On Tuesday last, 25th October, the Controller and Auditor-General was asked the following question (101): "This is the Railways Statement [handed to witness]. If the Government had had what money they required for expenditure on railways, and were not obliged to sell stores, and this transaction had not occurred, what would have been the effect on those figures in the first page? How would the expenditure have stood? I am alluding now to these two transactions—the two £15,000. You say the expenditure is so much—£857,191. Would not that expenditure have been increased by £30,000 if this transaction had not taken place, and the Government had had sufficient money appropriated for the service of the railways?" The answer was: "Is the total of £857,191 taken from the Financial Statement?" Question 102. "The point is this: If the Government had had sufficient appropriation, and had not been obliged to make the transfer, would not the expenditure on railways have appeared as £30,000 more?" Answer: "The expenditure would, I think, have appeared as £30,000 more." As these stores were not charged to the working-expenses of the railways, would it affect the expenditure of £857,191 as it appeared in the Railways Statement?—It would not have affected the £857,191 one iota.

2. Then, if the £857,191 would not have been affected it could not affect the balance that goes in as a balance into the Treasury?—The effect, so far as the railways are concerned, would have been that the stock of stores would have stood at £109,290.

3. But it would not have affected the balance of the colony for the year?—Of course, I only deal with the railways. My grasp is not so very large, so I do not wish to go into matters beyond the railways.

4. You only go so far as to say that there would have been less in the Stores Account?—Yes, the stores would have been that amount more. The stores, if this transaction had not occurred, would have stood at £30,000 more, and the recoveries £30,000 less.

5. And it would not affect, nor did it affect, the total expenses of the railways as set down in the Railways Statement one iota?—No, it did not affect the £857,191 one iota.

6. Then, did it appear as receipts for the railways?—No; it simply affected the balance of stores. The only two items affected by the transaction are the stock of Stores Account and the recoveries to the Treasury.

7. I want that to be made clear. It does not appear in the receipts. Your answer is that it never affected the expenditure account for the railways of £857,191. What are your receipts for the year?—£1,376,008.

8. It neither affected your receipts, £1,376,008, nor the expenditure, which is £857,191?—Neither.

9. *Mr. Fraser.*] The answer you have given to Mr. Seddon about the railway accounts in no way affects the position of the balance in the Consolidated Fund—what is called the surplus?—The recoveries would be reduced, of course.

10. How do you arrive at the £849,923 which is in the Statement?—There is a footnote at the bottom of Return No. 2 showing this result.

11. You admitted just now that the recoveries would be reduced by £30,000?—Yes.

12. Is it not set forth in the Public Accounts that the amount of £849,000 is arrived at by subtracting the recoveries from the gross expenditure?—That is so.

13. If the recoveries are reduced by £30,000, then the expenditure as set forth in that Statement would be £30,000 more?—No; the real expenditure is this £857,191.

14. Turn to page 41 of the Public Accounts?—I know nothing about the Public Accounts. I can answer any question about the railway accounts.

15. Turn to page 41, Vote 60, Class XI., Working Railways Department. In the first column the expenditure is set down as £1,037,888 2s. 9d.; in the next column the credits are given as £187,964 14s.; and in the next column the net expenditure is given as £849,923 8s. 9d.?—Yes.

16. If you reduced the credits by £30,000, must not the net expenditure be reduced by £30,000?—That is indisputable.

17. If you reduce the credits by £30,000, would not the item in this page, "Net expenditure," be £30,000 more?—Yes, that is so.

18. You have seen the statement of receipts and expenditure in the Consolidated Fund. Do you see what is there put down as the net expenditure on the railways?—Yes.

19. What is it?—£849,923 8s. 9d. But that has nothing to do with the Railway Working-expenses Account.

20. What is that statement you have before you? Is it the Railway Account or a Consolidated Fund Account?—It is the Financial Statement.

21. Therefore we are not talking just now about the Railway Account. I was referring to the table in the Financial Statement, which is taken from the Public Account, is it not?—Yes.

22. Very well. You stated a little while ago, when I asked you to turn to page 41 of the Public Accounts, that if these stores had not been sold that net expenditure would have been £30,000 more?—Yes, I did.

23. Then, would not the sum of £849,923 have had to appear as £879,923 in this statement of receipts and expenditure?—Yes, that would have been so; but this is only a cash account. The cash account does not really affect the real Working Account of the railways.

24. If this amount of £849,923 had appeared in the Financial Statement as £879,923, would the railway revenue have been in any way affected?—Not in the least.

25. What do you find the receipts from railways in that statement of receipts and expenditure?—£1,370,571 14s. 8d. That is also a cash account.