

JOHN MCGOWAN, Superintendent of the Government Advances to Settlers Office, examined.
(No. 2.)

Mr. McGowan : This is the statement. [Produced.] In order to meet Mr. Warburton, we struck out some items here, and rewrote the last sheet, containing an addition. This, of course, compares exactly with the printed copy. It was amended in a few particulars.

34. *Mr. J. Allen.*] Is this Mr. Warburton's copy?—No; it is with the others.

35. It is signed by you?—Yes.

36. Is not this the one referred to?—I believe it is.

37. Is it the same as this other one?—It is the same to this point [indicated].

38. *Mr. W. Fraser.*] Which is the one referred to by Mr. Fowler?—This one [indicated], no doubt, is what Mr. Fowler refers to, and what Mr. Warburton also refers to. One sheet of it was altered and one was rewritten. We, apparently, did not think it was necessary to print it, as it was superseded by the other.

[At this stage Mr. Graham took the chair, Mr. Fisher having to leave.]

39. *Mr. J. Allen.*] It is now quite plain that the balance-sheet referred to by Mr. Fowler is not the balance-sheet referred to on page 4. These papers have been altered by rewriting the last sheet and detaching this sheet which I hold in my hand, and which, as you will see, is signed by Mr. McGowan. This sheet and the other sheets were, before they were amended, I presume, the balance-sheets referred to by Mr. Fowler?—Yes.

Mr. J. Allen : And the report of the Audit Office is not based upon these amended sheets, but on others, which differ from the amended ones in that this sheet was taken off and this one attached. [Sheets indicated]. Now, those papers are not before us, and the Audit Office report, that we have, is based upon accounts which we have not got. I submit that that is not a correct way of putting the papers before us. I do not say that it has any meaning in it, but it might have a meaning, and a serious meaning. I think that we ought now to get the balance-sheet as Mr. Fowler received it, and as the Audit Office reported on it, put before us as evidence, without these alterations.

Witness : All these statements were examined by Mr. Fowler and passed, but his initials were scratched out. Would you like them restored?

Mr. J. Allen : I am not particular about it. I want the sheets that were reported on by the Audit Office placed before the Committee. The two accounts should be placed before us—the amended one and the unamended one.

40. *The Chairman.*] The account on page 4 shows the statements as amended?—Yes.

41. *Hon. Sir J. G. Ward.*] I would like to ask Mr. McGowan a question. I understand that the sheet attached there, signed by Mr. Fowler, is the balance-sheet first submitted to the Audit Department, to which they took exception?—No; the first statements that were sent up were the balance-sheets in the form in which they had been passed for five years. That was on the 31st May. After a lot of correspondence they were finally rejected, and we were asked to prepare a balance-sheet in accordance with the statute. The first set sent up was unsigned; the second was signed. Then the third set was made up from the second, the last sheet of which was rewritten. As I say, on the 19th July we adopted Mr. Warburton's views, and included them in the final sheet sent up. There were actually four lots. There were those that he rejected, although they were in the same form as the accounts which had been passed for five years previously. Then there were the unsigned set. I said I did not care about signing them. Then when we altered the statements as required by the Audit Office I said that I would sign them, and I did so. The fourth set were those where one sheet was altered and another rewritten.

42. Were the balance-sheets that were submitted originally made up on the same basis as in previous years?—Yes.

43. Have you got all those statements in the printed correspondence?—The only one that is not in the correspondence is the rejected sheet of the third set.

44. *Mr. J. Allen.*] And the alterations made in the second sheet?—Yes; they were not printed. I did not think they were necessary.

45. I cannot tell without looking over the statements whether the alterations mean anything, but I see that in the Statutory Investment Account there is a difference between the statements in the total of the receipts of over a million pounds. I have no doubt there is an explanation of that?—We altered the figures to meet Mr. Warburton.

46. *Hon. Sir J. G. Ward.*] I understand, Mr. McGowan, that the accounts made up by the Advances to Settlers Office for the previous five years were in a different form to those now required by the Controller and Auditor-General?—Yes; but the accounts are here in both forms this time. We printed those that he passed, and we also printed those that he said he was unable to pass.

47. Was any exception taken to the form of the accounts during the previous five or six years by the Audit Office?—None whatever.

48. What gave rise to exception being taken to the system this year?—It arose first of all from an objection by Mr. Fowler that in the clause of the Act which deals with the balance-sheet the words "whole receipts and expenditure" are used. The Audit Office said that the whole receipts should be put in. The reply of our Department to that was that in the statement of the receipts and expenditure the whole receipts were shown, but that in the statement of the Management Account, which was essentially a statement of balances, the balances only were shown.

49. What do I understand by the whole receipts; does that mean the receipts payable into the Public Account at every banking centre in the colony, or concentrated into the main banking account in Wellington?—Well, perhaps I might explain it by taking one single account—the Consent Fees Account. Mr. Warburton's contention was that the whole £20 10s. on the receipts side should