

misled, or had mistaken the entry in the Public Trustee Account of interest credited to be a sum received by the Superintendent from and paid back to the Public Trustee.

25. Was this amount actually paid to the Superintendent?—No; it was money credited to the Assurance Fund as interest by the Public Trust Office. It goes to increase the fund; and, in order that the statement of the assets and liabilities of the Superintendent may conveniently show this fund, the Superintendent makes the book entry.

26. Is this book entry on the receipts side?—Yes, and the amount paid over to the Assurance Fund is also a book entry to the amount of such interest.

27. Is that the only difference between your objections this year and your objections last year and previous years?—They are in effect the same as they were then.

28. Did you object to this sinking fund investment being included in the assets before?—I objected to them some four or five years ago—it was in 1902 when I objected to it. The sinking fund of the Public Trustee is not an investment under the Act. You have to pick out from the assets the investments under the Act.

29. How would you show it?—I think it would be the Minister's function to show the position of the Government in respect of the office.

30. Suppose you take it out of the assets, what do you do—do you show a deficit?—The Advances to Settlers Office is not authorised or required to show a statement of assets and liabilities in the balance-sheet, nor a profit and loss account.

31. Simply a cash account?—Yes.

32. Would you consider that altogether satisfactory to members of Parliament?—I must speak from the point of view of the statute.

33. I want to know from the point of view of the man who desires to understand the position?—I think if this were made correct—if the loan-flotation charges, which is rather a deficiency than an asset, were taken out, and the Profit and Loss Account were taken out—you cannot very well have a Profit and Loss Account with a deficiency of £308,000—this statement presented of assets and liabilities is a statement, it appears to me, which is to represent two inconsistent positions—the position of the Superintendent and the position of the colony in respect of the Advances to Settlers Office. If that statement of assets and liabilities were made correct, and were to be a statement of the liability of the Consolidated Fund in respect of the Advances to Settlers Office, then I would say there is no objection. It seems to me to be a very proper statement to make to show how the colony stands in respect to the Advances to Settlers Office.

34. Do you not think the law should be amended so as to provide that we can get a statement of assets and liabilities as well as a profit and loss account?—I think it might well be amended in that way; but the statement would be rather one for the Minister to furnish than for the Superintendent of the Advances to Settlers Office.

35. Why should not the Advances to Settlers Office show a profit and loss account?—I do not know.

36. From the point of view of a member of Parliament who wants to know what the position of the Department is, is simply a statement of the Cash Account sufficient to let him understand the position of the Advances to Settlers Department?—If you keep to the letter of the law—to what the Act authorises—if you render such a balance-sheet as the Act authorises and requires, it is very easy to state the position of the Government in respect to the office.

37. *Right Hon. R. J. Seddon.*] You say that you want the balance-sheet to be made out as the law prescribes: you say that this one is not as is prescribed by law?—No, it is not.

38. And you consider it to be your duty to construe and interpret the law in this instance?—Precisely.

39. And in your interpretation of the law that is why you demur?—For that reason only.

40. On the last occasion when this matter was before the Committee (I.—11B) you were asked by Mr. W. Fraser (Q. No. 93), "Then, you do not think there is any necessity for altering the statute?" and you replied, "I think not, except, perhaps, to make clearer the meaning that I take it to have. I understand that it requires a balance-sheet, and that with that balance-sheet certain statements shall be furnished." Q. 94: "Can you suggest any alteration in the statute which would enable the Department to issue a more intelligent and intelligible balance-sheet?" and your answer was, "I think not. I would not alter the statute in that respect. I would allow the Department to publish its own statements—its book-keepers' accounts—as at present, showing what it considered to be the financial position of the office, and to bring that, if necessary, into agreement with the statutory balance-sheet and statements which the Audit Office would certify—that is to say, the balance-sheet and statements of cash transactions"—Yes, that is in effect what I have just said.

41. The next question is, "95. Do you mean that the report of the Advances to Settlers Department should contain two sets of balance-sheets—one certified to by you as being in strict conformity with the statute, and the other prepared more from an accountant's point of view?" Then you reply, "I see no objection to it. The other would be in the shape of a report. The cash transactions account would be clearly shown. A large investment of money may bring in a large income in the shape of interest perhaps only a week after the end of the year for which the account was rendered. Now, that income would belong almost entirely to the preceding year." Q. 96: "As accrued?—As accrued. It may come in the day after the close of the year." Then, there is another important question put to you: "100. Then, would it not be an advantage to alter the statute in that direction?" and you reply, "It might be considered so. It might be considered an advantage to have a real profit and loss account for a Department like the Advances to Settlers Office—to have authority to furnish an accountant's statement of the profit and loss of the Department, taking in everything that is received in the year as belonging to the year and what properly belongs to the year." Then, you are asked, "101. In view of that, you modify the statement which you made to me just now that you do not see any necessity for altering the state-