

disturbed by a feeling arising that a point was made of reporting. My desire was that the consideration of the first matter might be cleared away and come before Parliament. When I say it was unimportant, I mean that it was at the time comparatively less important, in this respect, that the Audit Office was not aware until early in September that the goods on which the money had been realised had been taken back—that is to say, that the investment on stores of the Railway Department as the security had been made, and that the holders of that security had handed it back again without the money. Then came this consideration, which I have already explained, I think, that the Audit Office saw the transaction in a new light; that it was then a transaction which would not have been passed by the Audit Office. The transaction of selling goods and taking them back without paying for them was not a transaction which the Audit Office would have passed. Then the certificate of the accounts that they were correct required a qualification. They comprised, in the opinion of the Audit Office, a payment which the Audit Office would not have passed, and therefore were so far not correct.

30. As compared with the first six months of your tenure of office, are the queries or challenges during the past six months more frequent?—I think on a few important questions the challenges have been more frequent; but these important challenges have not probably amounted to more than half a dozen—that is, important challenges involving exception to the Public Accounts.

31. What is the reason for all this delay in reporting to Parliament?—You discussed the matter with Mr. Gavin on the 3rd March, before Parliament met. Mr. Gavin strongly recommended that you should report to Parliament (page 2, B.-22, 1898), but you did not report. Then, on the 22nd July, you had seen the papers marked A, B, C, D (pages 9 and 10). These papers “left little room for doubt” (I am quoting from your letter) “that the case should be submitted to Parliament”; but you did not report. Then, on the 15th September (page 7), you say it became your imperative duty to report to Parliament; but you did not report. Then, on the 11th October, you write to Mr. Gavin, “It appears to me that the duty to make the report is a duty the performance of which the Audit Office would not be warranted in delaying any longer.” And then, on 13th October, Mr. Gavin at last gets the spur in, after many previous efforts. He says (page 12), “The case is one which should, unquestionably, I think, be brought under the notice of Parliament.” He had been driving at you to report to Parliament, according to this parliamentary paper, B.-22, from the 3rd March to the 13th October, a period of seven months and a half. His opinion at last prevails, and the report is accordingly presented to Parliament on the 14th October, under the extraordinary circumstances already narrated by the Speaker in his speech to the House on the 17th October. Now, why did you not report to Parliament on its assembly, in accordance with Mr. Gavin’s strenuous advice of the 3rd March, instead of waiting to act upon his more strenuous advice of the 13th October? Why all this hanging back until within a few days of the termination of the session?—I think I have already explained that.

32. You mean that your last answer explains it?—Yes. Until the beginning of September the Audit Office was not aware that the goods on which the money was realised were taken back without the money. Then, in the ordinary course, the Audit Office has, consistently with its own duty, a duty to the Executive. A letter was written to the Treasury, which is the Government, for an explanation. No explanation was forthcoming on the 3rd October, and a further letter was written to the Treasury on the subject, and when on the 10th October no reply was received I was preparing to lay the papers on the table of the House as soon as possible after that date.

33. Then you had waited from the 3rd March to the 15th September. Why that delay?—I have explained that the serious nature of the transaction, to my mind, was not known to the Audit Office till the beginning of September, and until that serious nature became known the matter was not considered so important as to make it necessary that the Audit Office should hurry the matter before Parliament. I have explained also that there was a very much larger question before Parliament, and that to put two or three questions together might raise a feeling with regard to the Audit Office which would destroy a calm consideration of that point on which the Audit Office desired to have some sort of direction.

34. Is it a fact that if the re-transfer had not come before the Audit Office you would not have reported at all?—No, it is not.

35. As to these papers A, B, C, and D, on pages 10 and 11 of B.-22, 1898, how are they germane to the subject? I see no connection whatever between these transactions; they are as far apart as Tenterden Steeple and the Goodwin Sands. How do they bear upon the matter?—They bear on the matter in containing entries of moneys which I understand were to be taken for working railways. Mr. Fife on the creditor side—

36. Was that not a pencilled memorandum from Mr. Fife to Mr. Heywood?—I suggest that the original paper should be produced. I think it was in ink. It is important in this respect. I think it probable that these two sums on the credit side, £20,000 and £15,000, were entries in contemplation of these two very transactions of £15,000 each mentioned in my report.

37. In your evidence on Friday last you said you had given orders to a clerk to prepare details of the £187,964?—No. I gave evidence on Friday last, but this statement was not prepared for the meeting at all. It has been prepared from about February last, and has been made up from time to time as the transactions took place.

38. Then, you gave that instruction to prepare the paper before you knew you would be called upon to give evidence before this Committee?—The instruction to prepare it was given months before Parliament met.

39. There have been many other recoveries from other departments. Did you adopt the same course with them that you have adopted in this case?—I have not reported any other to Parliament.