

16. *Right Hon. R. J. Seddon.*] I would like to ask Mr. Warburton if he can give us any authority for what he is now stating—that accepting the position of General Manager took Mr. Macintosh out of the position of Auditor?—That is my opinion, that the two positions are incompatible.

17. You say that accepting the one position took him out of the other. I want to know where you get that from?—That is simply my opinion—that the General Manager of the bank cannot be his own auditor. I do not know whether it is expressed in any statute, but it seems to me there can be no doubt about it.

18. Was Mr. Macintosh holding the position of Auditor at the time? Had he resigned his position as Auditor?—He had not formally resigned it. He accepted the position of General Manager.

19. Have you the section of the Act there, with regard to the appointment of the Auditor?—Section 27 provides that “the accounts of the Assets Board shall be audited from time to time by the said Auditor”—that is, the Auditor under section 16—the Auditor appointed by the Governor under the Share Guarantee Act.

20. Have you got that clause where it says, “The Governor may from time to time appoint Auditors”? Is there any qualification or limitation? It is in the Bank of New Zealand Act, I think?—I think it is in the Share Guarantee Act. Section 13 of the Bank of New Zealand Share Guarantee Act provides, “In lieu of the Auditors provided to be appointed under the deed of settlement of the bank, the Governor, by an Order in Council, may appoint some fitting person, who shall be an expert in banking business, to act as Auditor in respect to the business of the bank in the Australasian Colonies, or in whatever place or places out of the United Kingdom the bank may carry on business, and whose salary or remuneration shall be paid by the bank, the amount thereof to be fixed by the directors in conference with the Colonial Treasurer, and not thereafter to be liable to alteration by the bank without the consent in writing of the Colonial Treasurer.

21. Was Mr Macintosh appointed Auditor by Order in Council?—I understand so.

22. Had that appointment been determined either by resignation or otherwise?—Not to my knowledge. I believe not. In giving a certificate to me Mr. Macintosh said that he still held the appointment.

23. So that *de facto* he was at the time the Auditor appointed by the Governor as provided by that Act?—Although he had not resigned the appointment, I think he had practically done so by accepting office in the administration of the bank.

24. Is there anything in any of the Acts referring to this question which disqualifies?—There is nothing expressed, as I say, that I know of to that effect.

25. *The Chairman.*] You have no reason to suppose that there was anything wrong in connection with the papers submitted to you for signature?—No, I have no reason whatever to suppose so.

26. Your object in reporting to Parliament was to give publicity to the whole proceedings?—Yes. I countersigned these debentures in circumstances that I thought were not quite satisfactory.

27. What do you suggest to prevent the possibility of its recurrence?—I do not think the circumstances are likely to occur again of a certificate being required from an Auditor who has accepted another office incompatible with that of Auditor.

28. With the information that has been made public through your submitting these documents to the House, the Committee can rest satisfied that everything has been done that could be done?—I think so. I am merely informing Parliament, because I countersigned the debentures in circumstances that were, to me, theoretically unsatisfactory. I think I should under any circumstances have informed Parliament of the performance of the duty, even if the Auditor had not accepted the position of General Manager, for I was certifying on the certificate of an Auditor who was not myself. I was appointed by this Act—I was not aware of it until I came to read the Act—to countersign debentures representing an outstanding debt, according to accounts that I had not audited.

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