

1905.
NEW ZEALAND.

PUBLIC PETITIONS M TO Z COMMITTEE:

(REPORT OF) ON THE PETITIONS OF J. WILLIS AND OTHERS (AS PER SCHEDULE), TOGETHER
WITH COPY OF PETITIONS AND MINUTES OF EVIDENCE.

(Mr. BUDDO, CHAIRMAN.)

Report brought up on Monday, the 23rd day of October, 1905.

ORDERS OF REFERENCE.

WEDNESDAY, THE 28TH DAY OF JUNE, 1905.

Ordered, "That a Committee be appointed, consisting of ten members, to consider all petitions from M to Z that may be referred to it by the Petitions Classification Committee, to classify and prepare abstracts of such petitions in such form and manner as shall appear to it best suited to convey to this House all requisite information respecting their contents, and to report the same from time to time to this House, and to have power to report its opinions and observations thereupon to this House; also to have power to call for persons and papers; three to be a quorum: the Committee to consist of Mr. Alison, Mr. Buddo, Mr. Davey, Mr. Fowlds, Mr. W. Fraser, Mr. Kidd, Mr. Rhodes, Mr. Rutherford, Mr. Smith, and the mover."—(Hon. Mr. MILLS.)

WEDNESDAY, THE 6TH DAY OF SEPTEMBER, 1905.

Ordered, "That the petition of Joseph Willis and others be referred direct to the Public Petitions M to Z Committee."—(Mr. TAYLOR.)

REPORT.

No. 289.—Petition of JOSEPH WILLIS and 2 Others, of Christchurch (and 24 similar Petitions as per attached Schedule.)

PETITIONERS pray that a full and unrestricted public inquiry may be held into the matter of an alleged payment to Captain R. J. S. Seddon for reorganizing the Defence Stores at Wellington.

I am directed to report that, as the prayer of the petitioners has been met by His Excellency the Governor appointing a Royal Commission, the Committee has no recommendation to make.

(A copy of the evidence taken is attached hereto.)

Monday, 23rd October, 1905.

D. BUDDO, Chairman.

SCHEDULE.

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| No. 451. Willis, J., and 3 others, of Christchurch. | No. 482. Prime, W., and 61 others, of Christchurch. |
| " 455. McKenzie, R. St. Clair, and 20 others, of Oamaru. | " 483. Scarff, J., and 7 others. |
| " 456. Rogers, B. R., and 12 others, of Christchurch. | " 484. Thompson, J., and 39 others. |
| " 473. Banks, Mabel, and 20 others, of Christchurch. | " 485. Toogood, H. F., and 51 others, of Christchurch. |
| " 474. Cock, J., and 11 others, of Christchurch. | " 486. Twomey, T., and 7 others, of Christchurch. |
| " 475. Gill, C., and 30 others, of Christchurch. | " 488. Comyns, L. C., and 37 others. |
| " 476. Gullett, T., and 12 others, of Christchurch. | " 489. Johnstone, E., and 12 others, of Christchurch. |
| " 477. Gurney, A. L., and 21 others. | " 490. Flesher, J. A., and 21 others. |
| " 478. Hean, H. R., and 125 others, of Christchurch. | " 491. Millar, W., and 16 others, of Christchurch. |
| " 479. Hyde, S., and 16 others, of Christchurch. | " 492. Salkeld, Catherine, and 42 others, of Christchurch. |
| " 480. Irving, J., and 38 others. | " 504. Simms, A. A., and 189 others, of Christchurch. |
| " 481. McIntosh, Martha, and 2 others, of Christchurch. | " 542. Haddon, W., and 32 others, of Nelson. |

P E T I T I O N S .

To the Honourable the Speaker and Members of the House of Representatives.

THE humble petition of the undersigned Joseph Willis, William John Larcombe, and Thomas Walter West, of the City of Christchurch, sheweth:—

1. That your petitioners are on the staff of the Civil Service of New Zealand, and are employed in the General Post Office in the City of Christchurch.

2. That your petitioners are informed that your honourable House has appointed the Auditor-General to hold an inquiry with reference to an alleged payment to Captain R. J. S. Seddon of a sum of £70 or thereabouts for reorganizing the Defence Stores at Wellington.

3. That your petitioners have reason to believe that they are likely to be called as witnesses at such inquiry.

4. That your petitioners believe that in the interests of all parties concerned such inquiry should be open to the Press, and that the witnesses thereat should be cross-examined by or on behalf of Captain F. M. B. Fisher, a member of your honourable House.

Your petitioners therefore humbly pray that your honourable House will be pleased to direct that the said inquiry shall be open to the Press, and that all witnesses thereat may be cross-examined either by Captain F. M. B. Fisher or by some person on his behalf.

And your petitioners, as in duty bound, will ever pray.

(Signed)

J. WILLIS,
W. J. LARCOMBE,
T. W. WEST.

The Honourable the Speaker and Members of the House of Representatives.

THE petition of your humble petitioners, Joseph Willis, William John Larcombe, Thomas Walter West, and David Hobson Lundon, clerks employed in the Chief Post Office, Christchurch, sheweth:—

We have carefully perused the whole of the evidence which accompanied the report of the Auditor-General dealing with a voucher connected with the payment to Captain R. J. S. Seddon of a sum of money for reorganizing the Defence Stores, and, after careful perusal, we again affirm that the evidence we gave is absolutely true. We do not know why the departmental inquiry has failed to disclose the records, which would, if produced, substantiate our statements.

One of your petitioners, Joseph Willis, was deputed to scrutinise certain vouchers, amongst which we expected the voucher we handled would be found. Not finding it within the limited area of records he was permitted to inspect, he applied to be allowed to see the Treasury books and certain other vouchers which might throw light upon the matter involved. This request was not granted.

We beg to draw the attention of your honourable House to the fact that the recent departmental inquiry was appointed at the request of the Treasury and Defence officers, and to vindicate their honour by ascertaining whether the certificates they had issued regarding the matter in dispute were true in substance and in fact. We have before petitioned your honourable House for the appointment of a full public inquiry with an unrestricted order of reference. We are confident that the evidence tendered by us was true in every particular, and we again pray you to grant the inquiry we have pleaded for all along.

We want the value of all the evidence to be tested by cross-examination. We want the most searching investigation possible. Our honour is involved. If we have been guilty of making false statements we have deserved to be punished with the utmost severity, but if we are truthful witnesses we claim that your honourable House should grant us the immediate appointment of a competent judicial tribunal with unrestricted power of investigation.

And your petitioners, as in duty bound, will ever pray.

(Signed)

J. WILLIS
[And 3 Others].

To the Honourable the Speaker and Members of the House of Representatives of the Colony of New Zealand in Parliament assembled.

THE petition of the undersigned electors humbly sheweth:—

That, in the opinion of your petitioners, many elements of uncertainty exist in connection with the recent investigation by the Auditor-General with reference to the existence of the voucher which Messrs. Larcombe, West, and Willis swear they saw, handled, and discussed while it was passing through the office of the Chief Postmaster, Christchurch, and which Mr. Lundon swears to having seen, which voucher the Civil servants named affirm represented a payment to R. J. S. Seddon.

They further consider that these elements of uncertainty should be removed by the immediate appointment of a judicial tribunal, before which a full and unrestricted public inquiry may be held, such tribunal to have power to call for persons, books, papers, &c., to examine witnesses upon oath, and before which tribunal any parties concerned may appear personally or by counsel.

And your petitioners will ever pray.

(Signed)

R. ST. CLAIR MCKENZIE
[And Others, according to Schedule.]

MINUTES OF EVIDENCE.

WEDNESDAY, 27TH SEPTEMBER, 1905.

JOSEPH WILLIS examined. (No. 1.)

1. *The Chairman.*] What are you?—I am a clerk.

2. And your address?—Christchurch.

3. You are interested in this petition with your petitioners who are on the staff of the Civil Service employed in the Post-office at Christchurch [Petition read]?—That is so.

4. Do you desire first of all to make a statement?—I think it would be as well if you would give me the option of making a statement, and that will put the matter clearly before you.

5. Very well, then, make your statement?—Well, sir, I should like to draw your attention to the fact that before the Auditor-General's inquiry was commenced we asked that the inquiry should be open to the Press, and also that there should be cross-examination of witnesses, because we as witnesses had nothing to fear from cross-examination, because we had nothing to conceal, whereas the other side had something to conceal: they were anxious to conceal certain facts, and unless we had the opportunity of cross-examining witnesses we should have no chance of proving our case. The result proved exactly as we expected. Certainly evidence was taken which, if we had only had the right of cross-examination, would have broken down immediately. Immediately I saw the nature of the inquiry which was set up I recognised that fact, and I asked Mr. Fisher to present a petition to the House asking for a public inquiry, and also asking that cross-examination should be allowed. When the Auditor-General's inquiry was set up it was set up at the instigation of certain departmental officers who chose to consider themselves in the light of accused persons. They also nominated their own judge, and the inquiry, as a judicial inquiry, of course, was a perfect farce. Evidence was taken, as I say, and from the point of view of any one who had anything to conceal it was a very nice inquiry. You know that if you want to get certain things out of a witness you have to put your question to him and get your answer back at once. The way the Auditor-General's inquiry was conducted, a man could state exactly what he pleased and could take as long as he liked, and if there was anything he did not want to appear he could correct or alter it. That was the inquiry that was to bring forth certain facts. Further, the order of reference of the Auditor-General's inquiry was restricted; I was not given access to certain papers which, if placed on record, would have given me the opportunity of proving my case. In the first instance when I came up to Wellington to give evidence I thought I was to be allowed to examine any books likely to contain a record of such a payment. When I went there I did not consider the fact that the examination they proposed before me would not give me the opportunity of proving my case. The consequence was immediately after the inquiry started the whole complexion of the case changed. When I went to look for this voucher in the first instance I knew it existed, and I expected to find it; but after further examination things began to change, and we found that we were looking for an illegal payment. There was nothing about the document that we four men saw which would make it an illegal payment or improper payment. The only thing we considered suspicious about the voucher was that it was for services rendered in Wellington and paid for in Christchurch, and, on the other hand, I did not consider that Captain Seddon was a competent person to perform those services. Later on the complexion of the whole thing changed, because Mr. O'Sullivan and Mr. Grey gave evidence to the effect that the service was not performed, and that altered the complexion of the whole inquiry. We were not then looking for an improper payment or suspicious payment, as we imagined, but looking for a fraudulent payment, and therefore the inquiry that we had gave us no opportunity of establishing such a thing. The Auditor-General would not consider the question of fraud, and his books for our inquiry are, to a very great extent, defective in the fact that they do not show certain particulars. In the Auditor-General's books the only facts that are recorded are the numbers of the vouchers and the amount of payment, but there is no name of the payee and no particulars of the service rendered. To get that he has to go to other Departments. Now, I begged particularly to be allowed to see the records in the Treasury and the other Departments which gave the particulars of the services rendered, and also the names of the payees. Now, Mr. Warburton said to me in respect to that question, what was the use of any such thing; it would simply prove his books right or wrong. He said the entries in the Treasury books were made by clerks who were liable to error, and I asked him did he not consider his own clerks were liable to error, and he said No; and apparently he considered his own books were absolutely infallible and his clerks absolutely infallible. His officers commenced to search with the idea that I had to a certain extent cast a slur on their Department, and that their Department was under suspicion of having allowed a fraudulent payment to go through unchecked. For that reason the Auditor-General was hardly the person that should have been set up to inquire into this payment. I think I am right in saying that. Then, again, I was giving evidence under examination by the Auditor-General, I should say, for something like fifteen to eighteen hours, and during that time I gave a whole lot of evidence. It would have been evidence if it had been before a proper inquiry, but not half of that appeared in evidence. For instance, one of the most important parts, so far as the inquiry was concerned, was the fact that I showed Mr. Warburton a copy of the two vouchers, placed them alongside of each other, and asked him did he think it possible that a man with average intelligence, and who was not a candidate for a lunatic asylum, could make such a mistake, and he had to admit that there was no possibility of mistake. I showed him the copies that I have here, and he carefully examined them. [Copies handed to the Committee.] I asked him was it possible for a man who has been handling those vouchers for a number of years, who had had twenty-two years in the

Department in the Civil Service, and who was chosen out of a number of men because of his intelligence to perform certain work—I asked him did he think it possible that a man could carry this voucher—the Seddon voucher—forty yards, and then show it to me in mistake for this one—the Sneddon voucher. One is a copy from memory of the voucher which passed through our hands made out for “R. J. S. Seddon,” for an amount exceeding £70 for reorganizing Defence Stores, and the other is what is known as the “Sneddon voucher.” The Seddon voucher was made up by me from Messrs. Larcombe, West, London, and my own memory of it. I pointed out to Mr. Warburton the difference in the colour of the two vouchers, and also the different particulars. The white voucher is a Railway voucher, and all Railway matters are made out on those white forms, and those facts are well known to the four men who gave evidence. We have been dealing with vouchers in the Christchurch office for some years. The Defence vouchers are made out on blue papers, but there are exceptions—there are urgent vouchers, which are made out on a different form altogether from either of these.

6. *Mr. Davey.*] What is the colour of the paper?—White paper. Urgent vouchers for certain Departments are made out on white paper, and the printing is in red lettering, but nearly all other vouchers, with the exception of urgent vouchers, are made out on blue paper. Well, that fact was perfectly well known to the four men who gave evidence, and when we were giving evidence before the Auditor-General we were giving evidence at that time in anticipation of the voucher being found. We knew the voucher was there, and we expected that the voucher would be found if we supplied the Auditor-General with certain particulars which would aid him in his search. Some of the evidence which we gave, and which would help to prove the case or assist us in proving the case before a judicial inquiry, was not taken because the Auditor-General was conversant with those facts, and he did not require them. Well, then, again I asked, as I have stated, for the Treasury books and for the other records which would give the particulars in full of the voucher in question, and, as I say, Mr. Warburton asked what was the use; it would only prove his books either right or wrong, and he could not realise that his clerks were just as liable to error as the clerks in the Treasury Department. Then, again, there is this fact to be taken into consideration, that Mr. Warburton told me that his inquiry was not to satisfy the House of Representatives, nor to satisfy the public of this colony, nor to satisfy us witnesses, but simply to satisfy him that this payment did not exist. I think also in connection with this his report to the House states, “That, in *my* opinion, the certificates in question are correct in substance and in fact”; but his inquiry would not have satisfied the House of Representatives if they had known exactly what the inquiry was—they would not have been satisfied with his opinion. Then, as a further reason why we should not proceed further, he stated that we might go on for a month, and that he had his ordinary work to do. When I said we should go further with the inquiry, he considered he should make his report to the House of Representatives, and then if I wanted a further order of reference that I should apply to the House of Representatives for it. I might say that it was ten days after that before his inquiry closed. Then, again, I asked him as a particular favour if he would let me see the Treasury books and compare the records one with the other. I also asked him if he would personally examine the records himself in the Treasury books and the records in the other Departments and compare them with the vouchers, but this he did not do. I pointed out to him that in my examination of the vouchers in the first place I had erred through overconfidence; I was so certain the voucher was there. I was not looking for fraud or any tampering; I was simply looking for the voucher with particulars equal to those I saw on the voucher in question, and which I had handled, and not finding it there I went on to others. I wanted to see these vouchers to compare them again, but I had no chance.

7. *Mr. Taylor.*] With the object of seeing them a second time?—I would like to have seen them a second time to have been able to compare the whole of the particulars on the vouchers. There is no doubt, as I put on record, there must have been some trickery with this voucher, or else it would have appeared.

8. *The Chairman.*] Do you suggest at this stage that vouchers were tampered with?—I suggest this, that a voucher for a certain sum of money with certain particulars for certain services went through the Christchurch Post-office on a certain date, and it cannot be found in the Auditor-General's inquiry.

9. That does not tally with the statement you made before that you believed it was possible for that voucher to have been tampered with or altered?—I believe a way in which the Auditor-General's inquiry could have been proved absolutely abortive was by the temporary substitution of a voucher, or the voucher might have been tampered with, the particulars of the name and the particulars of the services might have been altered, and in that case the Auditor-General's books would have been perfectly correct and shown perfectly accurate, and the inquiry from our point of view would have absolutely broken down.

10. *Mr. Davey.*] Would you suggest at the same time that all the books had been tampered with?—They would not let me see them. If a voucher had been tampered with—the only thing that was shown to me were certain vouchers—there was no necessity seeing that they objected to allow me to see any other records but the vouchers. There was no necessity to tamper with any records or books, because they showed me nothing but the vouchers. And you know perfectly well, sir, that in any system in book-keeping, if you wanted to find whether a particular payment is made, you would not go to the receipts with which a voucher in this instance corresponds, you would go to the cash-book and cheque-book, and compare them with the receipt. That is the only way by which you could find whether a certain payment had been made in any system of book-keeping. Mr. Warburton took a very long time to consider what he would allow me to put on record. I did not have an opportunity of giving what evidence I wished. I was allowed to talk to the Auditor-General, and the points which he considered were necessary he put in, but some of the points I wished to make were not put on record in the Auditor-General's inquiry. He considered for some time before he would allow me to place on record my statement that his books

were defective in one point. He said that auditors did not keep books, but I pointed out that he was also Controller of the Public Account. When I asked for a copy of my evidence he seemed to think that my having commented on his books was improper, and he refused to give me a copy of the evidence, unless I gave him a promise that I would make no use of it—I was under a disadvantage right through, and I did not have an opportunity of proving my case. Then there are also facts which show that one of the witnesses placed on record the fact that Larcombe had told his wife of the payment at night when he went home. Mr. Larcombe went home the night that he handled the voucher, and he told his wife that young Seddon on that day received an amount of £70-odd, and that he was quite satisfied that he was not capable of performing the service. Mr. Warburton said that was not allowed, and Larcombe asked if Mr. Warburton would call Mrs. Larcombe, but he would not, and yet later on he allowed another witness to place on record that Larcombe had told his wife, which goes to show that Mr. Warburton did not give the witness every chance, which he should have done, and which a man conducting a judicial inquiry, or Judges in charge of an inquiry, would have given him. It was taken up by the *New Zealand Times* and by the Premier that Larcombe's evidence was unreliable, and that he had told one witness that he had told his wife, although he did not place that fact on record, although he asked to be allowed to do so, and neither was his wife allowed to be called. So far there has been no suggestion of anything but the fact that we were honestly mistaken that we saw a certain voucher. We had no motive to gain by concocting a story; Larcombe is a man with twenty-two years' service, he is a married man with one child, he is a man whose record is absolutely spotless, and the only reason that Larcombe came into this affair was the fact that he was asked the question whether he would or would not tell the truth in reference to it, and he said he would. That was after the debate in the House of Representatives. There was no motive for it. The only suggestion is the possibility of our being mistaken. You have seen the two documents, and there could be no mistake. Then there is the stated fact that we were hoaxed, that a faked voucher was put upon us—that is ridiculous. The voucher we saw had just left the hands of Mr. McBeth, and he had just countersigned a cheque for that voucher. Otherwise Larcombe would not have seen it, because it was placed in the basket on McBeth's table as he had just dealt with it. There was nothing particular about the voucher which would make it suspicious except that he noticed it was for the Premier's son, and that it was for certain services performed in Wellington and paid for in Christchurch. If Larcombe had not so carefully examined the contents of that basket, he would never have noticed the voucher at all; he had to examine every article in that basket for distribution, otherwise if he had not he would never have noticed what he did and never brought it out to show me. After he had seen it he carried it forty yards and showed it to me, and I examined it before the window for several minutes. I pointed out to Larcombe several points which he had not noticed; I pointed out that it was for services rendered at Wellington and paid for at Christchurch, and also that Seddon was not capable of performing them. Shortly after West came into the room, and Larcombe said, "West, go and have a look at the voucher in McBeth's room that Seddon has just signed," and West came back and said, "What in the world does he know about Defence Stores!" Then London, the fourth witness, did not know that we were the three men who had given the affidavits. He was working in a different building—in the Savings-bank in Hereford Street, and we had no communication with him at all, and on the Saturday before we were ordered to go to Wellington I went into the Chief Clerk's room, and on my pad I saw written "R. J. S. Seddon." I turned round to Larcombe and asked him what it meant, and he said, "London has just been in here and he is worried about this thing, and he says he remembers the voucher distinctly, and he has written on this pad the signature as he remembers it." I could not see London then, but I did afterwards, and before he started to say anything I said, "Are you perfectly satisfied you are making no mistake about that voucher," and he said, "No mistake—that is the signature as I remember it." London had never met Captain Fisher, but I do not know whether he knew Mr. Taylor, and on the Sunday when he came up to give evidence in Wellington I introduced him to Captain Fisher, so there was no need of suggestion that he came forward to assist Captain Fisher or had come forward to assist us, because he did not know we were in it until this particular point, and also at this time that he came forward matters had got so critical that he knew the risk he was taking. I wish to put on record this fact that we were under a great disadvantage at this inquiry, for this reason: that owing to there being no cross-examination we had virtually to cross-examine ourselves on certain points, as far as our evidence to some extent had been discredited by the statement or certificate given by Mr. McBeth, the Chief Postmaster. Mr. McBeth gave a statement to the effect that no payment had ever been made at his office to Captain Seddon. He gave a certificate to this effect—that Captain Seddon had never been in his office, and that he had never received any payment in his office. Well, we had virtually to cross-examine ourselves on that point, and we were at a great disadvantage, for instance, to disprove or show the value of McBeth's evidence. Mr. London tried to put on record this statement, that eight months after Mr. Morris, his present Chief Clerk, had been in the office, he (Mr. McBeth) had several times turned round to London, who was a clerk in his room, to ask him the name of his Chief Clerk, and the Auditor-General said it was too strong, it should not go in. When you get a point like that which is too strong, that sort of thing would never be considered at a judicial inquiry. It shows that a man who can forget the name of his Chief Clerk—a man who has been employed with him and working with him for eight months—is not likely to remember that a certain person whom he does not know personally has ever been in his office, or a certain voucher had been in his hands eighteen months ago. With reference to Mr. McBeth, we were at a great disadvantage at that time, because we thought that the voucher would come to light, and we did not think matters would assume the serious nature that they have. We had to consider this fact, that in the event of the voucher being found we did not want to do Mr. McBeth too much damage, and for that reason placed as little as possible on record against him; but now, owing to the fact

that the Premier has stated that there are two people who are likely to know of such a voucher—the person receiving it and the other the person paying it—it is absolutely necessary that we should show what little value can be placed on Mr. McBeth's evidence. That point we did not have full opportunity of explaining or showing at the Auditor-General's inquiry. Then I would like to point out that Messrs. Heywood, Collins, and Grey in their certificate to the House stated, "The system in force in connection with the issue of public moneys is so complete that if any such voucher or payment had been issued or made it could not fail to be discovered, even though the voucher itself had been destroyed." I would like to point out that they actually place on record there the chance of the voucher having been destroyed, and in the event of the voucher being destroyed and the substitution of another voucher, the inquiry that has already been held was absolutely useless, because they showed me no records of anything, and they have stated that there is a possibility of the record having been destroyed. With reference to Mr. McBeth's evidence, he points out himself that he did not know Captain Seddon personally, he did not know him by sight, and yet, however, he was quite satisfied that he was never in his office, and the funny thing about it is this: that Mr. McBeth was so eager to supply the Premier with a certificate to that effect that he never troubled to ask anybody—he went at it haphazard, as one blind, whereas if he had asked the clerk in his room whom he always consulted, he would have owned to him at once that he remembered the payment quite distinctly; but, no, Mr. McBeth gave his evidence without having asked or without troubling to consider the possibility of such a payment having been made. Then there is placed on record the fact that Captain Seddon was in the habit of signing his initials "R. J.," but the document we saw was made out in the initials of "R. J. S.," and unless he signed it in the way it was made out he would not have got the payment—it would have been stopped. And Larcombe and West have not sworn to the signature at all; they knew at the time they made their affidavits that it was a receipted voucher, and they believed it was signed by "R. J. S. Seddon," but they were not confident enough to swear it in their affidavits; they have sworn it was made out in the name of "R. J. S. Seddon." Then I would also like to point out that in a judicial inquiry attention could have been drawn to the manner in which Captain Seddon asked the manager of the Bank of New Zealand for certain certificates. He does not ask him to say whether he did or did not do a certain thing, but asks him whether he will furnish him with a certificate signed by himself certifying to certain facts which he requires; and the manager of the Bank of New Zealand is, to some extent, a Government servant, and in a judicial inquiry we should have had the opportunity of referring to that fact. Then Mr. Grey, Acting-Under-Secretary for Defence, stated that if any claim had been made during the time he was on leave he would have seen it. He means to say that every entry in his ledgers—it does not matter how many hundreds—during the time he was on leave for four or five weeks would have been examined on his return. I am quite satisfied before a judicial inquiry no man would think it possible that a business man would examine every entry in his ledgers or books, and still less would a Civil servant, and it is a peculiar thing that both the Defence officers, Mr. Grey and Mr. Williams, state that they would notice at once on their return from leave if any such voucher had gone through. Well, all these points go to show the need for cross-examination. Then we come to the fact that Mr. Grey states that certain records, certain books of account, and the register of records have been searched, but they would not allow me to search them—they would not give me any opportunity of seeing them, but only the things that would establish their case; and the Treasury and Defence books apparently, according to the evidence, are the only places where the name of the payee, the particulars of the services rendered, and the amounts are recorded. That is the very thing I wished to see, but they would not allow me to see them—I had no opportunity of getting at those records. Then Mr. Collins refers to the many records of such payment, but he would not allow me to see one of them. What was the need of concealment? Would he not have been compelled in a judicial inquiry to have placed his books there to allow the prosecution, or the defence, or whatever we may be called the opportunity of verifying his statement? He states that there are four records kept, and I would like to point out that this gentleman, Mr. Collins, chose to consider himself an accused person, that his Department was under a certain cloud, and he had every opportunity—we had none. He states there are four records kept—one in the Defence Department, which we were not allowed to see; one in the Audit, which was useless; and two in the Treasury, which we were not allowed to see. He also placed on record that if the voucher was lost or destroyed it would still appear in the many records, but the Audit Office books are no good, and the books which would show the payment I was not allowed to see. Then, sir, it was placed on record that this voucher was of a peculiar character, and that it would have to pass through so many hands that one of those clerks are sure to have noticed it. There was nothing in the complexion of the voucher we saw that would draw anybody's attention to it unless they handled it carefully or checked over the items as Larcombe did, and many may have handled this voucher and never noticed it. Larcombe had to examine every item of that voucher carefully, and then having noticed the voucher carefully he brought it out to me, and then we examined it again, and discussed it for five or six minutes. That, again, shows the need for cross-examination. Then we have the evidence of Mr. Litchfield, of the Bank of New Zealand. This evidence is considered most damaging to our case. The whole substance of Mr. Litchfield's evidence seems to be to assist the other side as much as possible, because he introduces much extraneous matter which has nothing to do with the case. All he can say is that there was no record of any Treasury cheques in his books. He starts talking about other vouchers, the cheques for which would be countersigned by the bank, but those vouchers would not come in, and we would not have an opportunity of seeing them. His evidence goes on to say, in reply to the questions, "Have you questioned the bank's tellers on the matter? If so, please state the result?—I have questioned the tellers. They have no recollection of having made any payment to Captain Seddon." If there is a judicial inquiry set up I can prove that Mr. Litchfield made inquiries with reference to this matter after his return

to Christchurch, and after giving evidence, and that again shows the need for cross-examination and how little value is to be placed on the last inquiry. Then, sir, if Mr. Heywood was under cross-examination before a judicial inquiry he would naturally be asked the question why he did not give the certificate himself. He is asked the question by the Auditor-General, "Why was the certificate not given by you?" and he said, "I understand there was urgency in preparing the paper for presentation to the House, and I did not get back to my office in time to give the certificate," and yet the peculiar thing about it is this, that there was such urgency in getting that certificate that Mr. Heywood could not give it himself, and yet it took a number of days and a number of clerks to ascertain whether such payment was made or not, and once they gave that certificate they were virtually implicated. It was to their interests to keep the matter covered up as long as possible, which also shows the need for cross-examination. Then he talks of the books and records, the number of records and the number of entries, but they would not let me see any one of them. Then we come to Mr. Innes's evidence, the Audit officer, and he has referred in detail to a number of searches made. He has referred to twelve different searches, and he also talks about having my assistance at certain searches. I am quite certain from the manner in which Mr. Innes conducted the searches with me that he had no opportunity of telling whether the vouchers that we saw were genuine or not. The examination was only cursory, and it did not lost any time, and I am quite satisfied that from Mr. Innes's examination he could not tell, and, in fact, Mr. Innes went about the search in a manner which showed that he considered he was looking for a will-o'-the-wisp, and also that we had to some extent cast a slur on his Department; which also goes to show that Mr. Innes should not have been in a position to assist the judge at such an inquiry, because he ought really to have been a witness at such inquiry. The judge should have been an independent person, and not a departmental officer, so that he could sift Mr. Innes's evidence with regard to those many searches. The matter as set out in detail here looks very convincing, but if we had a judicial inquiry we would prove there is nothing in it. I found I had so little chance of getting anything from Mr. Innes's search that I found it was necessary for me to tell him the strength of our case. After the first two days it was getting serious; we could not find the voucher that we had seen, and I told Mr. Innes, and laid the whole case before him as from the point of view of we four men. I pointed out how serious it was for us; we had seen a certain thing, and that it would prove his books were defective if such did not exist, and then I gave him the whole facts of the case from our point of view, and all I could get out of Mr. Innes was that "I was getting a pretty good run for my money," which was what I would not have expected if I had gone before a judicial inquiry. The whole thing went to show that the officers conducting the search choose to consider themselves or their Department under a slur, and I did not get the opportunity of proving my case that I would have had before a judicial inquiry with proper cross-examination. I would like to point out, sir, that we had to submit to the last inquiry—it was not the inquiry we sought. That petition two days after the inquiry was set up goes to show that we knew we should have very little chance of obtaining what we wanted from that inquiry, and we asked at once that it should be a judicial inquiry with proper cross-examination, immediately we knew the nature of the tribunal. We had to submit to that because Mr. Fisher held our affidavits; we had to go forward, but it was not the inquiry that should have been granted to us. Then Mr. Warburton absolutely refused to consider the assumption of fraud whatever. He actually told me that he did not consider in his opinion anybody would be so depraved as to tamper with a voucher, and he would not listen to any thought or suggestion of a substituted voucher, which would still allow his books to appear accurate, and yet the whole case from our point of view would break down. A judicial inquiry would have ascertained that fact. Then, sir, there has been such great trouble to try and prove similarity between two vouchers. The whole case apparently from the other side seems to be based on the fact that we could make a mistake in the voucher, and that we made a mistake as to the "Sneddon" voucher on account of the similarity in the sounding of the name, and later on the Premier made a statement that we were surprised to find another Sneddon voucher. If we were only before a judicial inquiry we would knock the idea of a possible mistake out once and for all, because we know the Anderson or Sneddon vouchers—we have been handling them for years. There is no firm in Christchurch that receives more payments than Anderson's; we know Sneddon personally; we know his signature, and we have known it for some years. Why should Larcombe, a man who has been dealing with these vouchers, bring me a voucher which he has been handling every day for years and talk about it being something unusual? The possibility of mistake is absolutely beyond conception. A man like Larcombe could not make such a mistake—he has handled these vouchers for years. Well, what has become of it? I say the inquiry we have had never gave us the opportunity to prove whether the voucher was there or not. I have already put in evidence the fact that those two vouchers are a different colour—one was white and the other was blue. The "Seddon" voucher was made out on blue paper, and the so-called "Sneddon" voucher or Anderson voucher was made out on white paper; one bore the name of "Seddon" three times, and the other bore the name of "Sneddon" once, and two of the men have not sworn to the signature of Seddon at all—they have only sworn to the fact that the voucher was made out at the top in the name of "R. J. S. Seddon"; there are the names, the different particulars in the two vouchers—one was a particular service for reorganization of Defence Stores at Wellington, and the other was for certain bars of steel and iron, and so forth. With reference to the suggestion of the voucher having been tampered with, or the theory of a substituted voucher, Mr. Warburton, as I say, would not listen to it. He wanted me to give some theory for the disappearance of the voucher we saw, and the only theory I could give was that a voucher for the same amount but different particulars of service and different name of payee had been substituted. I suggested that to him as a possible solution of the non-appearance of the voucher. I suggest it again: I say at the last inquiry it would be a very easy thing—the easiest thing in the world—for a voucher to have been substituted, and then the whole case from our point of view would have broken down, because the other side knew perfectly well that I was to be given no opportunity

of examining any records which bore the name of the payee and the particulars of the service, therefore it was perfectly safe. I would like to point out too, sir, that the Auditor-General's inquiry was set up, as I have already said, at the instance of Messrs. Heywood, Collins, and Grey, and that those gentlemen choose to consider themselves accused persons; they nominated their own judge, who was a departmental officer, and whose Department also was under a slur if this voucher had been found. I consider that we are as much entitled to consideration—we are more entitled to consideration now than we were at the start, because the position now, through no fault of our own, is such that we are now in the position of men who have given false statements, although we know perfectly well that our statements are true in every particular, and that if we get a proper inquiry we will prove them so, and, I think, sir, that we four men—although we possess no high-sounding titles—are as much entitled to consideration from the House of Representatives as Messrs. Collins, Grey, and Heywood, and for those reasons I would ask that we have a proper inquiry that will have no restricted order of reference—an inquiry that will allow us to examine every document and every book which has any bearing on the case at all, and which will also allow us to cross-examine the witnesses on the other side. I am quite satisfied that if we can get such an inquiry we shall absolutely break down their evidence, and we shall also prove that what we stated was absolutely true in every particular. I do not know that I can say any more.

11. *Mr. Taylor.*] The Premier, when he was dealing with this question after the Auditor-General's report came down, said, Let it be known from the housetops of the colony that another "Sneddon" voucher had been discovered?—There were twenty or thirty Anderson or Sneddon vouchers turned out on the first day's search, and the Premier's informant must have known that fact, and I must say that either the informant misled the Premier or the Premier misled the House.

12. You make reference to Mr. McBeth's basket as being a significant fact—that Larcombe had to sort up the contents of a certain basket. What is put in that basket?—Correspondence for distribution—signed correspondence—and also vouchers which have been dealt with by Mr. McBeth himself. If his clerk is out of the room McBeth would take the signature on the voucher and countersign the cheque and place this voucher in his basket.

13. Can you explain to the Committee how Captain Fisher came to quote the number of the Sneddon voucher as, in his opinion, representing the payment to Captain Seddon?—I can explain how he got it, and I might say that the Auditor-General wanted me to cut that out for my own benefit, but I told him then that if it did not go on record this matter would never be cleared up. I said that Captain Fisher wrote to me asking if I could supply certain particulars in reference to it. He had written to me before, and I had given particulars from memory, and he wrote to me a second time and asked if there was any record in the office and the number, and he stated that the payment was for £76 and made in June. I went straight to the rough memorandum-book in the office, which simply records the number of the voucher, the amount of the payment, and the date of the vouchers having been returned to the Paymaster-General. I found there was only one voucher for £76 in June, and that was for £76 4s. 9d. and No. , and it was returned to the Paymaster-General between the 9th and 14th June, and I stated that "This is probably the payment you refer to—can you not find some further information elsewhere?" and then Captain Fisher by some means or other quoted the particulars of that voucher in the House. I saw him on the Monday following—he made the statement in the House on the Friday—and on the Monday following I met him, and he said, "Was that voucher for Sneddon," and I said, "Yes, I believe it was." It was a most peculiar coincidence that it should have been Sneddon's, because it might have been for John Smith, or Brown, or anybody; but that is explained by the fact of the number of Anderson or so-called Sneddon vouchers which pass through our office. Then Captain Fisher evidently took my meaning to be that he had evidently made a mistake, and that his information was wrong, and when I met him at his office that evening he said, "There is nothing else for it—my information is apparently wrong. I am apologizing to the Premier for having made such a statement." I then said, "What are you doing that for?" and he said, "That is right—that voucher was Sneddon's." I said, "But a Seddon voucher went through all right," and he said "Are you sure?" and I said, "Yes, and not only that, but Larcombe and West reminded me of it having gone through." He said, "Are you sure? Will they come forward and testify?" I said Larcombe is a married man, and may not like the risk. When Larcombe was asked whether he remembered the voucher, he said Yes, he remembered it, and he said he would tell the truth before any Judge in the land. West said the same thing, and Captain Fisher went back and made the further charge, and finally it led to this inquiry being set up.

14. Could McBeth's certificate be made upon a search by him of any record in the Christchurch Post-office?—No.

15. There is no such record kept?—No.

16. Then, it must have been based on his memory?—Yes.

17. How long have you been in the Christchurch Post-office under him?—Three years.

18. Does he remember you?—He does not know me from a crow.

19. Does he call you by one name and then by another?—Yes. He called me a different name the other day, and took me for Mr. Fisher. When I went into the Auditor-General's room when he was under examination he did not know me from a crow.

20. *The Chairman.*] Is his sight failing?—No; apparently it is his memory. If he gets a paper with reference to a certain matter he does not know what he did with it on the morrow. A clerk was placed in his room, and received instructions to try and keep a check on his correspondence, and I have been told by the Chief Clerk to go through and check his basket, because he allows things to remain there for months if he does not remember it. I know a paper given by one gentleman in this room which lay in his basket for some months.

21. Have you read the evidence McBeth gave before the Auditor-General?—Yes.

22. He says, "I do not know Captain R. J. S. Seddon personally: I do not know him by sight. I am, however, quite satisfied that he was never in my office?—Yes, I have read that,

THURSDAY, 28TH SEPTEMBER, 1905.

JOSEPH WILLIS (No. 1) further examined.

1. *Mr. Rutherford.*] In what capacity have you been employed at the Post-office?—Clerk in the Chief Clerk's room. I have been acting correspondence clerk for the last two years.
2. Did you yesterday give any fresh evidence in your statement further than emphasizing the fact that Mr. McBeth's memory was bad? You dealt lightly with it in the inquiry before?—Yes.
3. Did you give any fresh evidence further than that?—Practically it is fresh.
4. What is?—Some if it is fresh. A great deal of it was not brought out at the inquiry.
5. Who was it found the voucher in the first instance?—Larcombe.
6. In what capacity is he?—He is also acting as clerk to the Chief Clerk. He does the record work and the general work in the Chief Clerk's room, Christchurch. He has been there acting for the last two or three years.
7. And it was he that emptied the contents of the basket?—He did on this occasion. It would be his work or my work or the clerk in Mr. McBeth's room that would do it. The clerk in the Chief Clerk's room at intervals during the day would clear that basket, and we distribute the correspondence. Mr. Larcombe handled the voucher.
8. There is no special man detailed?—No. Whoever happens to be there does it.
9. You stated yesterday in your evidence that Mr. McBeth's loss of memory was so great that practically a clerk had been detailed off as a sort of memory clerk to assist him?—He was put in there for that purpose.
10. What is his name?—Different clerks have been acting at different times. There have been quite a number acting during the time I have been in the Chief Clerk's room. Mr. West has been acting for the greater period.
11. Was he acting at the time you saw this voucher?—I cannot say whether he was acting then or not. I should think that it is more likely that it was London.
12. You are not certain?—I am not certain.
13. Has Mr. McBeth in his evidence stated that he had no recollection of Captain Seddon being in his office?—Yes, that is so. He stated that he did not know him personally or by sight, but he was quite satisfied he was never in his office.
14. Did a clerk, to your knowledge, see Captain Seddon in the office?—No.
15. Or in any part of the buildings?—I saw him in the Chief Clerk's room, but I am not certain at that time. It was in the building I saw him.
16. Have you any knowledge that Captain Seddon was in Christchurch at the time of the date of that voucher?—I believe he was, but I am not certain.
17. Would it have been necessary for Captain Seddon for the purpose of obtaining money to go to the Chief Postmaster's office and there sign?—It would, unless he gave an order to an authorised agent.
18. It would be possible for him to get the money without going to the office?—Yes; but in that case he would have to appoint an authorised agent, and the authorised agent would have to sign the voucher.
19. And, so far as you know, there is no record of an authorised agent having signed the voucher?—No.
20. In your statement you made yesterday you mentioned that the tellers might have seen the voucher—I think you meant "cheque"?—If I said "voucher," I certainly meant "cheque." I thought I said "cheque." The tellers would not see the voucher.
21. The tellers in evidence have stated that they have no knowledge of having paid a cheque?—No. They have not given evidence. As a matter of fact, I asked Mr. Warburton to call two bank clerks whom I would like called, but he refused to call them.
22. Mr. Litchfield, the manager of the bank, gave evidence?—Yes.
23. And he has stated that he has no knowledge of any such sum being paid to Captain Seddon?—Yes, he had no knowledge. He could not have had any knowledge of such a payment or not, because there is no record in his bank—there would be no record. The cheque is drawn on a number, and he cannot say whether Captain Seddon received the payment or not. His evidence on that point is absolutely useless.
24. Did you furnish Mr. Fisher with a statement to the effect that you had seen and handled a voucher purporting to be a receipt for £74-odd in the first instance?—No, not £74. The amount in the affidavit that I gave to Mr. Fisher was for an amount exceeding £70. It is a very difficult thing to remember a figure. The particulars that I remembered distinctly I gave to him. That was the fact that the voucher was made out in the name of R. J. S. Seddon, the fact that it was for reorganization of Defence Stores at Wellington, and that it was charged to the Defence Department.
25. He gave the number of that voucher?—I do not suggest how he came to do that.
26. And the number of that voucher is now known as the "Sneddon" voucher?—Yes. I would like to explain in reference to that that Captain Fisher got his information in regard to that particular voucher from me in this way: Captain Fisher asked me to give him particulars of a particular voucher or payment which he said had passed through our office in June, 1904, and that it was for an amount of £76, and I looked up the rough memorandum-book which we have in the Christchurch Post-office of vouchers paid at our office, but which record only shows the number of the voucher and the amount of payment—
27. But not to whom?—No, not to whom and not what the service was; and I found there was only one payment for the amount of £76, and I said, "This is probably the payment you refer to; can you find further information with reference to it elsewhere?" That is how Captain

Fisher got that number and that amount; but when I gave him that number I never thought for a moment that he would state that that was the number of the voucher we saw as the "Seddon" voucher. That, of course, has misled the whole thing.

28. That is the explanation that has mixed it up with the "Sneddon" voucher?—Yes.

29. You, of course, know Mr. West?—Oh, yes.

30. Is it known to you that he was a particular friend of Mr. Fisher's? It has been stated that so friendly were these men that Mr. Fisher was continually in the office with Mr. West, and Mr. West was told that he must intimate to his friend Mr. Fisher that he must not be always in the office?—I am certain that is incorrect, because I do not think West knew Captain Fisher at all. I fancy his first connection with Captain Fisher was when he was doing duty for the Chief Postmaster in connection with certain payments out of the Post and Telegraph South African Relief Fund to the returned troopers, on whose behalf Captain Fisher was acting. I do not think he even knows him yet in a personal manner or private capacity. I think you must be referring to myself.

31. I may have mixed the two names—Willis and West?—Yes.

32. Were you cautioned or told to tell Mr. Fisher that he must not come so often—is that a fact?—It is a fact. Eighteen months ago the Chief Clerk did say something to me with reference to Captain Fisher calling to see me at that time. At that time he was in with reference to a private matter that we had together, and the Chief Clerk said at that time that it would be wise if Captain Fisher did not come into the office.

33. So often?—That is, I think, about eighteen months ago.

34. Of course, previous to the voucher incident?—I should think it would be about eighteen months ago at the least.

35. As a result of the Chief Clerk's instructions to you, you took no notice of it, and Mr. Fisher continued to visit you?—He certainly visited me.

36. And in consequence the Chief Clerk spoke to Mr. Fisher?—No.

37. Not to your knowledge?—No.

38. Are you aware Mr. Fisher expressed himself in the House as being satisfied that Mr. Warburton should hold the inquiry?—I am not sure about that point. In connection with that matter, I wrote to Captain Fisher, or telegraphed to him immediately that I found the nature of the tribunal set up, and I said that this inquiry would only prove a farce unless we had cross-examination of witnesses, and also that the examination should be open to the Press, and Captain Fisher, in reply to that, told me he could do nothing else—that he had to take what he could get in the nature of an inquiry. I am not aware he expressed himself as satisfied with the Auditor-General's inquiry.

39. I know subsequently that Mr. Taylor and Mr. Fisher strongly protested against cross-examination of witnesses not being permitted?—Yes.

40. You were not satisfied in the first instance?—I was never satisfied. The day after the tribunal was set up I wired to him, and also wrote very strongly, and pointed out the fact that that inquiry did not satisfy us, because we should be at a great disadvantage at that inquiry.

41. Did you not state the other day that the Treasury officials—Messrs. Heywood, Collins, and Grey—nominated their own judge?—Yes.

42. Is that so of your own knowledge?—That is so; it is recorded in *Hansard*. Their petition particularly asked that the Auditor-General should hold the inquiry.

43. Did Mr. Warburton refuse you access to certain books, particularly the Defence books?—He refused me access to all records other than the voucher.

44. And you thought that if you had access to certain books, particularly those relating to payment and Defence accounts, that it would have given you a chance?—I particularly asked him for the record which would show the name of the payee and particulars of service, and I believe now that if we got that record we could prove our case.

45. Did he give any reason?—As a matter of fact, he said he should have to consult somebody else; he said he had not power to grant it.

46. However, you heard nothing more about it?—I asked him again if I could have that, and he said No, I could not—my inquiry was finished.

47. *Mr. Mills.*] Mr. Willis, when did you first see the voucher that Mr. Larcombe spoke to you about?—It was brought out from the Chief Postmaster's room, a distance of 40 yards, to the Chief Clerk's room, and Larcombe threw the voucher down on my desk and said, "What do you think of that?" and I took it up in my hands and examined it, and I pointed out the fact that it was for services rendered at Wellington and it was paid at Christchurch, and I made comments upon it at the time. I held it in my own hands for five or six minutes before the window discussing it.

48. Can you fix the month?—No, I cannot.

49. Are you sure it was last year?—I am absolutely certain, for this reason, that I think it was between the time I entered the Chief Clerk's room, I think, between the 9th January, 1904, and previous to the Seddon-Taylor case.

50. Did you say it was an irregular payment?—No, I did not. I did not know it was an irregular payment. There was nothing irregular about the transaction, as far as I could see.

51. You said yesterday, either "improper" or "irregular"?—I say now that it has proved so. The whole case has taken a different turn since we first saw it. We know now that it was worse than an improper payment—it is a fraudulent payment, because Captain Seddon said he did not perform the service.

52. Had the voucher been receipted when you first saw it?—Yes, it had.

53. Who had signed it?—It was signed "R. J. S. Seddon." I do not know who signed it.

54. It could not have been an agent, then, at that rate?—No, it could not have been an agent.

55. Did I understand you to say that a fraudulent payment had been made through this

voucher?—Apparently it has—it cannot be anything else, because the officials stated that the services were not performed. At the time I handled the voucher I did not know there was anything fraudulent or improper about it, otherwise my search would have been different.

56. I understood you to say that it was improper or next to fraudulent?—No, sir. I thought it was a shady transaction. I would like to explain why I thought so: the peculiar fact was that it was for services rendered in Wellington, and it seemed a strange thing that the voucher should be sent to Christchurch at all.

57. Then, why did you not inform your superior officer?—Well, my superior officer, Mr. McBeth, I considered would be absolutely the last man in the world to handle such a thing as that, and I also thought of this fact—and I feel pretty satisfied now—that if I had informed my superior officer that I considered a payment going through our office was improper, fraudulent, or irregular, I should have been put out in the street, and should not have had the chance of an inquiry.

58. Do you not think it would have been your duty to call the attention to it, at all events, of those above you?—You must remember, at the time I saw this voucher I did not know there was anything improper about it except the fact that, in my opinion, Captain Seddon was not a competent person to perform the services.

59. Did you and Mr. Larcombe read the contents of the voucher carefully?—Certainly. I held it for five or six minutes in my own hands before the window.

60. Did any of you take a copy of it?—No.

61. Or any memorandum of it?—No.

62. Is it possible that you are mistaken as to the amount and payee?—No, it is impossible that we could be mistaken so far as the name of the payee is concerned. As far as the date is concerned, I cannot fix actually the date, or I cannot fix the actual amount except that it is for £70-odd.

63. You say you could not have been mistaken after looking at it so carefully for several minutes?—I could not be mistaken.

64. Did neither of those details fix themselves on your mind if you thought it was irregular?—The details that fixed themselves on my mind were as I have stated—the fact that it was payable to Captain R. J. S. Seddon, that it was for reorganization of Defence Stores at Wellington, and that it was payable at Christchurch.

65. If you looked at it so carefully, why could you not give some further details before the Auditor-General?—I gave all the details to the Auditor-General that I am mentioning now.

66. Well, after looking at it for several minutes you do not seem to recollect anything further than that there was a voucher some time last year?—I recollect everything but the figures, and any student of history will tell you that figures and dates are the hardest things for any man to remember.

67. When and where did you first mention the voucher business to Mr. Fisher?—So far as my recollection of the matter goes, I mentioned it first to Captain Fisher, I should think, immediately after this session opened, but apparently, from what I can gather from Captain Fisher, I dropped a hint to him or led him to believe that there was something of the sort a considerable time before that, but I have no recollection of it. Captain Fisher, in the House, stated that I gave his information with reference to this payment, or I had said it was so. He put it this way: he said that there was an improper payment made to Captain Seddon, and I said "Yes, that is so; I knew of one." He said it was during the time he was captain of the Civil Service Rifles in Christchurch and I was lieutenant, and it was during the time a case was pending in the Supreme Court. Captain Fisher's recollection must be faulty, because he left the Civil Service Rifles in October, 1903, and the Seddon-Taylor case was in November, 1904, if I remember rightly, and I left the Civil Service Rifles in October, 1904.

68. Did you not mention this matter to Mr. Fisher before he was elected to the House?—No, not so far as I can remember. I never mentioned the payment to Captain Fisher before, although he says that I dropped a hint to him or apparently gave him some idea that I knew of some voucher.

69. Was there any special reason for telling Mr. Fisher in preference to telling an officer of the Department?—Yes, because, as far as I knew, Captain Fisher at that time was a member of the House of Representatives, and also he was a personal friend of mine, and I knew that he would not use information that he got in that way to my disadvantage.

70. And do I understand you to say that it was not correct Mr. Fisher stating that you had told him this matter previous to the case you referred to occurring in Christchurch?—As far as my recollection goes, it is not correct. If he got a hint from me it must have been in a very general fashion. I knew Captain Fisher very well, and at that time he was not in the House of Representatives, and it may be I dropped a hint to him.

71. Do you remember what you said?—No. I recollect what I told him at the time I gave him the whole thing.

72. Has there been any charge made against you in the Department for divulging this to Mr. Fisher?—Yes, there has been. I am at present under suspension for a breach of the regulations for having supplied Captain Fisher with certain information, which information I was asked not to put on record by Mr. Warburton, because it was against me.

73. Have you admitted it?—I have admitted the first series of charges, and I have denied the further charge with reference to my having given information to Captain Fisher in reference to this amount during the time that a certain case was pending in Christchurch; the others I have admitted.

74. Have you been notified that the Civil Service Board is to hold an inquiry into your alleged breach of the regulations?—No.

75. Only been suspended?—Only been suspended, and given a statement to the effect that I have broken certain regulations under the Civil Service Act of 1866.

76. Is it not well known to all officers of the Department that there must be a Board of Inquiry set up?—It is not well known, because there is no notification in any of our regulations. Our Department has its own regulations; I have not heard of any other regulations.

77. Have you looked them up since—the matter of the regulations?—I have a copy of the regulations which were served. I have seen them since. It was handed to me by an officer of the Post-office in Christchurch. They distributed Civil Service Regulations to every officer in the Post and Telegraph Department at Christchurch a week or ten days after our suspension, which regulations personally I was not aware we were under.

78. Would that Board when set up be an official and legal tribunal?—I am not in a position to answer that. I suppose it must be if set up by the authorities.

79. Supposing they advised you to be retained in office, would not that be followed—if the Board exonerated you?—I cannot say whether the Minister would follow that.

80. How long have you been in the service?—Sixteen years.

81. You must have heard of these official Boards being set up?—The only Board I have heard of in connection with an officer of the Post and Telegraph Department was the inquiry held in regard to Mr. McCurdy's case. I have heard of a Board within the last three months; there was a Board of Inquiry set up to inquire into certain charges against a man named Young in the Post and Telegraph Department in Christchurch.

82. Have you ever known a Board to reinstate a man and that he was then dismissed?—No, I cannot say I have. As far as reference Boards of Inquiry go, we have our own Appeal Boards set up by our own Department, and that is to inquire into certain statements placed before them by officers of the Department, and the official record is that in five cases submitted to that Board, the Board found for the appellant, and the Minister vetoed the Board's finding in four cases out of the five.

83. That was when referred to the Appeal Board?—Yes.

84. Did you say positively the Department had something to conceal, in your remarks yesterday?—No; what I said was that we four men believed we had nothing to conceal and nothing to fear from cross-examination, but we believed the other side had.

85. Who do you mean by "the other side"? This voucher was said to be paid in the office in which you were then working?—Yes.

86. If the voucher had been paid by cheque going through that office and no record taken, who would be to blame?—I take it that the officials who gave the certificates would be to blame.

87. Did you say that the white and blue copies of the vouchers—that is, the two now before the Committee—were made up by you and the other clerks from memory?—The white voucher is a lithographed copy of the so-called "Sneddon" voucher; the other is a copy made up by myself from memory of the "Seddon" voucher.

88. When did you make this up?—I made that out previous to my leaving Christchurch to attend the Auditor-General's inquiry.

89. Well, when you remembered it so well as to place it in this manner, how does your memory fail you before the Auditor-General's inquiry?—I gave all those particulars.

90. The exact amount?—No, I did not. There is a query by that amount.

91. I understood you gave all the particulars?—Yes, I did.

92. Did you say that it was for £76 5s. and a query?—I said that it was for an amount exceeding £70. That is simply to show the formation of the voucher. I could not put in £70, and I could not put in £7 and leave the last figure blank, and I put the query to show I was not certain.

93. You stated that this was made out in company with the other three officers—the result of the combined memory of the four?—I say it was made out from memory, but I do not think they were present at the time I made it out. I made the particulars out as from the memory of the four men.

94. They were not present when you filled it in?—I do not think they were.

95. And, after looking at this voucher, are you perfectly sure that there could not have been a mistake in taking this one?—Do you think you could make a mistake?

96. I am asking you?—I am absolutely certain I could not make a mistake. I do not think any one who is not a candidate for a lunatic asylum could make a mistake.

97. Did you see Captain Seddon sign the voucher?—No, sir.

98. Do you, of your own knowledge, know that he did receive the cheque?—All I know of that point is the fact that the voucher was signed "R. J. S. Seddon."

99. Anything else?—Nothing else.

100. Can you tell us who signed the cheque? Is there any evidence to disclose the cheque if there was one signed at all?—It would be Mr. McBeth.

101. Does the butt show that there was any cheque issued?—I did not see any. They would not show me anything but the voucher.

102. At the time you saw the voucher did you know Captain Seddon's signature?—No.

103. Can you account in any way for a cheque of this large amount never having been presented to the bank?—I think it very likely that it has been presented at the bank. There is nothing to show that it has not been presented at the bank.

104. Have you not seen statements made in public from various banks about it?—By whom?

105. From the manager of the bank in Christchurch?—As I put on evidence yesterday, the only thing that Mr. Litchfield is in a position to say is that there is no record of any Treasury cheque in the Bank of New Zealand at Christchurch. Then he said he had asked his tellers whether they had cashed such a cheque, and I say if I had a judicial inquiry I could show that he made inquiry into that matter after he returned to Christchurch, and after being at the Auditor-General's inquiry.

106. Do you honestly believe that all the officials who gave evidence at the inquiry and those connected with the banks have made false statements?—No, I should not like to say that. All I

can say is this: that I saw a voucher for a payment which they say does not exist, and I say that that payment did exist and there must be some record of it, and I consider that if we get a proper inquiry we shall prove that it did exist.

107. Do you think it might have been a fraudulent voucher?—It could not have been.

108. Or anything faked for a joke?—It could not be a fraudulent or faked voucher for this reason: the voucher that we saw was regular in every way; it had just left the hands of Mr. McBeth, who had evidently just countersigned a cheque for that voucher. If there was any hoax, Mr. McBeth must have signed a cheque on a faked voucher, which could not happen, because public money could not be paid out at the bank on a hoaxed voucher. It was said the people of Christchurch knew Captain Fisher was a friend of mine, and that they put this voucher in in the hopes that I should see it and give information to Captain Fisher; but at the time this voucher went through Captain Fisher had no idea of standing for election—his father was alive and well, and there would be no election for two years, and what was the object of placing a voucher there which I might not have seen at all. I did not see the voucher in the first instance—Larcombe found it. If it had not been for the fact of it being placed in that particular basket of McBeth's, and so given Larcombe an opportunity of examining the contents, it would not have been noticed, but passed through without comment.

109. Was it possible for any such voucher to be placed in that basket as a joke?—Absolutely impossible; and the peculiar thing in reference to the hoaxed-voucher theory is this, that people would try and make me believe that I saw a hoaxed voucher, and I tried, I should say, for five or six days to make the Auditor-General believe that it was possible to fake a voucher, and I could not get him to imagine such a thing; and, mind you, in Wellington it would have been easy to fake a voucher, because the machinery was all here to do it with, but in Christchurch it was absolutely impossible. In the first place, the voucher would have to bear the Audit Office stamp, it would have to bear the Treasury stamp, and it would also have to bear the certificates of officials who were in Wellington, so for that reason it would be impossible. The hoaxed-voucher theory is so absurd that it is not worth consideration.

110. Were all those stamps on the voucher that Larcombe showed you?—The only thing I can say is that if the stamps had not been there—if there had been anything unusual about the voucher, we should have noticed it. There was nothing about the complexion of the voucher we saw which was in any way unusual.

111. Had Larcombe studied this voucher first before calling your attention to it?—Yes, he must have done so, because he carried it 40 yards, brought it out to me, threw it down, and said, "What do you think of that?"

112. Then, you say you discussed it for several minutes?—Yes.

113. Did you not think it strange that he could not give pretty well the exact particulars?—He gives the exact particulars.

114. Not as to the date and amount?—As I have told you, the facts that would impress themselves upon the mind of any man are, not the date of the voucher, but the name of the payee and the fact that he is the Premier's son, and the fact also that we did not consider him competent to perform the service, and for that reason it looked to us as if he had been allowed to perform a service which, if he had not been the Premier's son, he would not have been allowed to do.

115. That was your idea?—Yes; and also the peculiar fact of the voucher being sent to Christchurch for payment at all; and I remember Larcombe saying, "He has evidently made a special trip down to Christchurch for this."

116. Both of you when giving evidence before the Auditor-General were unable to give those full particulars of what that voucher contained?—Yes, we gave all the particulars in reference to that voucher to the Auditor-General. We gave all the particulars which I am giving now. The only particulars we did not give were the date and the exact amount for £70-odd for which the voucher was made out, and, as I say, the figures are the most difficult things to remember.

117. In regard to the Auditor-General's inquiry, what did you mean by saying that you would have had a better run for your money?—I said nothing of the kind. I said Mr. Innes was going through the search in such a way that I believed I had no chance, and I went to the trouble of explaining to Mr. Innes that he was not looking for a will-o'-the-wisp—that he was actually looking for something which had been handled by four men who knew they were risking their positions and everything on that statement, and after telling him that, his reply was that "he thought I was getting a pretty good run for my money."

118. Are you satisfied, first, with the departmental inquiry, and then the one of the Judges?—The departmental inquiry I know nothing about. I have had no information about it. I have been under suspension about three weeks. I have called at the Chief Post Office every day since suspension, and I know nothing about it. The only facts I have gained are from the public Press, and that is that after an inquiry has been set up for fourteen days it has now been found necessary to change one of the Commissioners, so I cannot say. As to the judicial inquiry, from what we can gather from the public Press, it seems to be not an inquiry to give us an opportunity of proving our case, but simply to inquire into the Audit system of this colony because I, a junior clerk of this colony, happened to state at the last inquiry that the Auditor-General's books were defective. I simply stated that for our inquiry the Auditor-General's books were defective, and for that reason the Premier has thought it necessary to set up an inquiry of three Judges on account of that remark.

119. Then, looking at the similarity of these two names, you do not think it possible there could have been a mistake?—It is absolutely impossible.

120. You mentioned Mr. McBeth having such a bad memory for names?—He has got a bad memory for everything; as a matter of fact, he does not know any of his officers hardly.

121. Have you not known many instances where people are faulty with names and very good in many other things?—Yes, I have; but Mr. McBeth's memory is not only faulty as regards

names—it is faulty in every particular. If you give him a particular thing to-day he cannot think what he did with it to-morrow. It is a daily occurrence in the Christchurch Post-office for Mr. Morris, the Chief Clerk, and his clerks to be wondering what Mr. McBeth has done with certain papers.

122. Does he make any official mistakes?—He does, but they are always discovered. They have to go through us, and we are able to sort them up.

123. Do you have to rectify mistakes in figures?—To rectify mistakes and alter correspondence.

124. Do you have to rectify mistakes in figures?—It is done. I know one case he made a mistake in assessing the salary payable to a particular Postmaster. He makes mistakes such as this: I have known him address letters to the Postmaster at Fendalton and also to the Postmaster at Spreydon. Such people do not exist; they are purely suburbs of Christchurch.

125. When the voucher referred to was receipted, would it not be recorded in your office?—It should have been recorded in the rough memorandum-book, but the record is the same as in the Audit Office books—simply the number and amount.

126. Have you looked in such book to see whether such a voucher was recorded in the Christchurch office?—There are several amounts which may be the one in question.

127. To R. J. S. Seddon?—The record is defective.

128. I am asking for the voucher that you say exists?—There is no record of that.

129. Have you looked through the record-books?—The books are defective in that particular.

130. Have you looked through the record-books in the Christchurch office?—There is no necessity to look, because it does not exist.

131. Have you looked through those records in the Postal Department?—I have looked through them.

132. To search and see whether a voucher in the name of “R. J. S. Seddon” had been recorded?—No, I have not looked for that, because I know that such record does not exist in the Christchurch books.

133. I asked, if the voucher was paid by cheque in the office it would be recorded somewhere?—The number of the voucher and the amount of the payment would be recorded—nothing else.

134. Then I asked had you searched the book to see if such a voucher had been recorded, and you said Yes?—That is right; I cannot search it.

135. There are no names put down?—No; only the number.

136. Then, when you searched this how did you furnish the number which Mr. Fisher supplied to the Premier in the written letter, and the amount, the date, and everything connected with it, and signed by R. J. S. Seddon?—Nothing of the kind. I just explained that fact. If you will allow me to state exactly what happened. This [tabulated statement produced] is a copy of the record that we have in the Christchurch Post-office, and Captain Fisher stated that the amount of payment was for £76, and that it was made in June. I went to our rough memorandum-book, and I looked up June and I found those particulars. There is the voucher recorded, and the only amount for £76 was that voucher, and I supplied him with those particulars, and I said, “This is the voucher to which you probably refer. Can you find further information elsewhere?” The record as a record is absolutely defective.

137. You have found no record, then, of a payment of £76 to R. J. S. Seddon?—But the voucher, number, and the amount of payment may be there although I cannot place it owing to the fact that the names of the payees are not recorded.

138. Have you found anything in the record-book to show you that such a payment was made?—According to our record-book, there are a number of payments recorded which may be the amount in question.

139. When you came up to Wellington and searched, what books were placed before you here?—No books.

140. What were they—papers?—Simply vouchers. The process was simply this—it gave every opportunity for concealment of the voucher if anybody so desired—the practice was simply this, that a certain number was called and the voucher in question was laid before me, and, as I stated, I erred through overconfidence. I did not know the payment I was looking for was a fraudulent payment, and I did not know there would be so great a necessity to cover it up, and for that reason I went simply to find the voucher I had seen.

141. Can you understand the direct statements made by men in charge of the Defence works, and all those other officers, who state that they never had such a voucher?—I cannot, except this fact, that they gave their certificates, as I said, practically at very short notice, and once having given the certificates they were practically implicated; and for that reason I say their certificates and work should have been checked by an independent authority.

142. Do you not think it is placing them in a very, very dangerous position if they adhered to statements made hurriedly?—That is the reason: they were perfectly safe in going ahead and continuing to substantiate the certificates as long as they had the abortive inquiry that was set up; but if we had had a proper inquiry they might have been a little more careful as to the certificates.

143. Do you think it possible that a number of officers could have combined to hide or conceal it?—I am not going to state anything in reference to that, except I say that I saw a payment, that three other men also saw a payment, which they say does not exist, and up to the present we have had no inquiry which would go to show whether such payment exists or not.

144. Do you not think it is more likely that the mistake in similarity or a fraudulent voucher has passed in the office? Do you not think that that is more likely after all those officials have declared they have not seen it?—The faked-voucher theory is absolutely impossible, and you must also remember that we four men were risking more by giving the statements we made than they were risking by giving the certificates they gave, because they knew perfectly well that the inquiry

set up could not disprove their statements, while we risked everything. I also should like to say this in reference to this inquiry, that at the time Captain Fisher had those affidavits he had not the permission of the whole of the four men to disclose those names, and it was only at the express invitation of the House of Representatives—the members stated openly, they asked us to come out into the open—and we thought we were perfectly safe in accepting that intimation, and the consequence was that the other three men—I was perfectly willing—one of them a married man with twenty-two years' service, and a child dependent on him, and he had more to risk than myself; and for that reason he did not give Captain Fisher permission to disclose or make the affidavit public until he got the invitation from the House of Representatives to come out in the open.

145. You were not present when Mr. Fisher made the statement that he had proof—at that time when every one thought it would be easy to prove that such a voucher existed?—So we would if we got a proper inquiry. What I am trying to prove is that we did not get a proper inquiry to prove whether that voucher existed or not.

146. *Mr. Davey.*] Do you know Captain Seddon's signature at all?—No, I do not. I have seen his signature. I have seen two copies of it, and each signature was different from the other. I saw them after I had given evidence before the Auditor-General. Mr. Taylor showed me the signature of Captain Seddon which he had attached to documents in his possession.

147. And you would not remember if that signature was like the one you saw on the voucher?—There certainly was a resemblance to a certain extent. It was not the exact signature, certainly.

148. You would not be able to recognise it?—I could not absolutely recognise the signature.

149. Is it usual when payments are made to members of the Military Force to state their military titles on the voucher?—It is so, I think. I remember that it was made out in the name of Captain R. J. S. Seddon. Two of the men have not sworn to the signature at all; they know it was a receipted voucher, but all they have sworn to is that it was made out in the name of R. J. S. Seddon. I know it was made out for "Captain R. J. S. Seddon."

150. You say that this voucher could not have been hoaxed because it was properly stamped?—There was nothing unusual about it.

151. Do you remember the names of the officers certifying?—No, I cannot remember.

152. Regarding that point as to this voucher being tampered with and therefore you could not find it, do you think if you had a judicial inquiry they would find it any more than you did?—Yes, I believe they would.

153. Why?—The whole trouble is this: that the whole nature of this case has changed since we came into it first. At the start we never thought there was anything wrong about the payment in any way, except the fact that we did not think Captain Seddon was a fit and proper person to perform the work; but now we know that it was an absolute fraud, and for that reason we ask that the inquiry should be a proper one. The Auditor-General will not admit the assumption of fraud. It is fraud, for this reason: that two high officials have stated that the services were never performed.

154. Are the vouchers numbered consecutively?—Yes, they are.

155. With a machine?—Yes.

156. And you consider that one of those vouchers has been taken out and numbered and put back?—I say it would be a very easy matter for a voucher to be substituted with the same number and same amount (which would make the Audit Office books show absolutely accurate), with a different name of payee and different services, and therefore our case would absolutely break down.

157. Regarding the cheque, it must be admitted that if this payment was made to Captain Seddon it would not be made for the pleasure of looking at it, but to get the cash?—Yes.

158. Is it not strange that no reason can be discovered for the existence of that cheque?—There is no opportunity to discover it—there is no record.

159. Would it not be filed?—There is nothing to identify it with the name of Seddon.

160. You know it has been said that there is no block in existence which corresponds with any cheque payable to Captain Seddon such as that?—The officials of the Treasury Department have given certificates that such a thing does not exist; but, as I say, they are to some extent implicated in this business through having given certificates, and we ask that an inquiry may be set up which will check the value of their certificates.

161. You know, of course, that Captain Seddon has stated on oath or made an affidavit that it is not so?—That makes the case assume a different aspect than when we entered into it. That is why I ask for a proper inquiry.

162. I suppose you have no knowledge that this voucher did arrive by post?—I cannot say as to that. The first sight I had of the voucher was when Larcombe brought it out and laid it on my table.

163. In looking through the numbers it was merely a chance shot in regard to Captain Fisher's statement in the House?—Yes, it was a chance shot, and the fact that he gave me June and the amount £76, and I tried to find the amount corresponding to that.

164. You have not given the date?—I simply stated it was 1904.

165. Were you present the whole of the time when evidence was given before Mr. Warburton?—I was present part of the time—when giving evidence. At the inquiry the only persons present were Mr. Warburton and the witness.

166. Nobody else allowed to remain?—Nobody was allowed to remain.

167. You mentioned the fact that Mr. Collins has signed an affidavit from the Treasury, and you said it would have been better if Mr. Heywood had done so?—I said it shows the urgency. It showed that there was terrible need for the certificate to be given immediately. It was so urgently required that the person requiring it could not wait until Mr. Heywood came down to the office: it had to be given on the spot, and that is why Mr. Collins gave it.

168. You do not suggest there is any difference in the signatures?—No.

169. Do I understand that Mr. McBeth had twice in one day to ask the name of Mr. Morris?—He had on more than one occasion to ask the name of his Chief Clerk; I do not know whether it was twice in one day.

170. *Mr. Kidd.*] Did I understand you to say yesterday that there was evidence that Mr. McBeth had just signed a cheque for the voucher which passed?—The evidence is this: that the voucher had just been placed in this basket containing the correspondence for distribution, and the fact of it being placed in that basket also proves that Mr. McBeth had dealt with the voucher himself and taken the receipt himself, because the usual procedure with these vouchers is that the clerk in Mr. McBeth's room takes the voucher from the file, has it receipted by the payee, and then hands the cheque to Mr. McBeth for countersignature; and Mr. McBeth very rarely sees the voucher at all, and the voucher would then be placed on the clerk's table to be returned to Wellington.

171. With the cheque attached?—No; that is handed to the payee, who can go away and cash it.

172. The cheque was not attached to the voucher when you saw it?—No; it was taken away by the payee.

173. At the time you saw this voucher, have you any knowledge if Captain Seddon was in Christchurch?—I cannot say that he was. The only thing I remember in reference to that was this, that Larcombe said to me, "He has evidently made a special trip to Christchurch to get it." I pointed out to Larcombe the fact that it was sent to Christchurch for payment.

174. Captain Seddon, son of the Premier, would be noted in his travels, and it is reasonable to suppose some one would see him in Christchurch if he was there?—He was in Christchurch several times during the year, which would correspond with our evidence.

175. But none of you have any knowledge that he was there at that particular time?—No, none of us.

176. Do you say that in examination before Mr. Warburton he would not allow you to put certain things on record—what do you mean?—I did not say he would not allow us to place certain statements on record. There were a whole lot of points which he considered of course were really outside the scope of the inquiry. You must remember that he stated that the inquiry was for his satisfaction, and all he wanted was points to satisfy him. For instance, a very important point from the point of view of members of the House of Representatives was the fact of the dissimilarity between the two vouchers. Of course, that, although I gave it to him, did not go into the evidence at all. I also stated in reference to that, that I was not allowed to place on record exactly the same material as if I had been before a judicial inquiry. As I pointed out yesterday, he was quite an hour talking to me—he was half an hour one day and half an hour the next day, as to whether he ought to allow my statement with reference to his books to go on record, and when I started to make that statement he said, "Those are your opinions; I do not know whether it ought to go down as evidence."

177. When you were in the office searching for the voucher, did you not also have a look for the butt of the cheque?—No, I was not allowed, although I say that is the only system by which we could have found it.

178. *Mr. E. M. Smith.*] Are you aware that since the inquiry Mr. Fisher, acting on your behalf, stated that he believes that Captain Seddon never received any such payment?—I do not know anything about that.

179. You are not aware that he made that statement in the House of Representatives?—If he did I certainly do not agree with him.

180. You still believe that the voucher for £70 was presented and paid?—Yes.

181. Providing I had a sum due from the Government and was residing in New Plymouth, is the cheque issued from the office in New Plymouth, or would that cheque be sent to me?—It would be sent to you by the Treasury Department.

182. And therefore there would be no check on that cheque in the Post-office in Christchurch?—There would be no record of the cheque in the Post-office at Christchurch.

183. Supposing a man presented a cheque to the Postmaster there, if he did not know the person he would give him that cheque when he had had proof who he was paying the cheque to?—He is certainly supposed to.

184. Are you still under the impression that this voucher emanated from the Defence Department, although the officers of the Defence Department have stated at your inquiry that there was no such service performed—no authorisation for that particular work, and Captain Seddon did not carry out such duties and no payment had ever been made, and that if such work has been performed and payment has been made, that then they must be committing perjury?—I do not say anything about that. I say I saw a voucher for a payment, and also that three other men saw it, and we discussed it, and they say it did not exist.

185. You are aware that the officers of the Defence Department have denied that any work was authorised or performed, or any cheque presented by that Department for those services?—That is my reason for asking for a further inquiry.

186. Then, the Treasury Department have also denied that any cheque was ever issued from the Treasury Department, where all those cheques are made out and circulated all over the colony for every payment?—Yes.

187. Then, all those Departments and the Audit Department are all labouring either under a delusion or cognisant of fraud?—No; as far as the Treasury Department goes, I should like to say this: that they stated that such payment did not exist, and yet we four men have sworn that we saw a voucher for that payment. As far as the Audit Office goes, I do not impute dishonesty to them; I say the Audit Office books are defective for such an inquiry. The Auditor-General's impartiality and his strict honesty, I think, was a great obstacle and stumbling-block to our having found this payment.

188. In your remarks you said it was possible for them to substitute one voucher for another?—I believe it is the easiest thing in the world.

189. And those people who did it in the Department must do it for the purpose of committing fraud?—They must do it for some reason.

190. It can be no other reason but for committing fraud or preventing fraud being detected?—I should think so—it looks like it.

191. You still believe, although Captain Seddon has been examined on oath, and all the different officers of the Departments have denied the statements made by you that ever a cheque had been in existence or a voucher, you are still under the impression that you saw it?—Do you still believe that you are sitting in that chair? Well, that is what convinces me that I saw it, and nothing will ever convince me that I did not see it.

192. How was it that you went to Mr. Fisher instead of reporting the matter to your own Department?—I fully believe that if I had tried to report this in the manner you state—through my superior officer—that I should have been landed out in the street, and I should be as I am now—without any chance at all.

193. What was the reason you went to a politician instead of going to some one else?—My only reason was this: that I considered it would be to the advantage of the colony if the matter was ventilated, and I gave the information to Captain Fisher for the public good.

194. If fraud could be carried out in the system, this voucher being put through, that would not be the only voucher that could be put through and the money obtained, which would be fraud?—I know of my own knowledge that this voucher did go through. If such a thing could go through one office it may be going through other offices, and if a fraudulent payment could go through in Christchurch and go through without detection, and can go to such an inquiry and not be detected, such a thing may go on all over the colony, and for this reason it appears to be imperative that the matter should be cleared up.

195. *Mr. Alison.* Why are you not satisfied with the inquiry held by the Auditor-General?—I consider the inquiry held by the Auditor-General did not give us any chance of proving whether the payment existed or not.

196. Did he not make a full and complete inquiry?—No, sir, the inquiry was not a complete inquiry, and it was from the point of view of giving us an opportunity of proving our statements a perfect farce.

197. Do you mean to say that the inquiry held by the Auditor-General as an inquiry it was proved a farce?—Yes, as an inquiry it was. As I have already stated the very fact of the Auditor-General's impartiality and honesty and implicit belief in human nature which allowed him to imagine that a fraud or any tampering with a voucher would be impossible for any man to do, no matter what issues depended upon the act; also his unwavering confidence in his books and officers and his system placed us at a great disadvantage. He was a departmental officer, and his officers considered that the Department was for some reason under a slur, so I say for that reason it should not have been conducted by him at all.

198. I understood you to say that the voucher you saw must have been a fraud?—No, sir.

199. It has been suggested it has been a fraud?—Yes.

200. Are you satisfied it was not?—I am satisfied the idea of a faked voucher or fraudulent voucher is the most utterly ridiculous suggestion possible.

201. Was the voucher signed by Captain Seddon?—It was signed by "R. J. S. Seddon."

202. You say you discussed it—the four of you?—No. The particulars in reference to the case were this, that this voucher in question was carried a distance of forty yards by a man named Larcombe, a clerk in the office at Christchurch with twenty-two years' service, a man who was chosen for his special fitness for special work. He brought it out and put it down in front of me and said, "What do you think of this?" I held it in my hands before the window, and must have talked with him about it for five or six minutes, and pointed out that it was made out in Wellington and payable in Christchurch, and also that I did not consider Captain Seddon was competent to perform such service.

203. That voucher being signed by R. J. S. Seddon, would that not go to prove that a cheque had been drawn for that amount?—Yes.

204. Would he sign before he received the cheque?—The Treasury Department sends the cheque direct to the payee, the payee presents the cheque to the Chief Postmaster, who is supposed to satisfy himself as to the identity of the payee, and then countersigns the cheque. Why I am so certain that it was not a faked voucher is the fact that this voucher had just been placed in McBeth's basket with other correspondence for distribution. If it had not been for that fact Larcombe might not have seen it. It also goes to show that if it was a faked voucher McBeth countersigned a cheque for a hoaxed voucher, which is impossible.

205. Do you contend, notwithstanding a statement made by Captain Seddon and the evidence which had been adduced to the contrary, that the payment must have been made?—I contend that the payment must have been made to R. J. S. Seddon.

206. What colour was the voucher?—Blue-coloured voucher.

207. Could there be any possibility of your having had a misconception with regard to the voucher?—I would like you to see the voucher.

208. You say there could be no mistake?—No, there could be no mistake.

209. There was an indication that there had been a mistake made by yourself in assuming that the Sneddon voucher, that you had a wrong conception as to its being signed R. J. S. Seddon—is there any possibility?—No possibility. There are no vouchers with which we are more familiar than the Anderson, or so-called Sneddon voucher.

210. You ask now that an inquiry should be held?—Yes.

211. What sort of inquiry?—I would suggest an inquiry in which the order of reference will be unrestricted, which will give us free access to all books, papers, and documents likely to contain

the payment, to which I was denied access at the last inquiry, and that the evidence shall undergo cross-examination.

212. Extending over what period that you should have access to the books?—The same period as the last.

213. What was that?—It was taken from the date of Captain Seddon's appointment to the public service. Although the voucher went through our office in 1904, some of these payments are very much belated. There was a voucher went through the Christchurch office the other day for payment of salary to a man who was a lieutenant in a contingent, and he was killed in South Africa in the early part of the war—in the Third Contingent—and his voucher was paid two or three days before my suspension, and therefore it would be advisable to extend the order of reference as far as possible.

214. *The Chairman.*] You stated that there were four checks on any payment made through the Treasury?—I say that Mr. Collins of the Treasury Department said there were four checks.

215. Did you find anything to the contrary?—I have not had an opportunity to find anything.

216. Then the blue voucher is, you believe, as near as can be a copy of the one you saw during 1904?—That is so.

217. Are there any details omitted on that voucher which you can think of?—Of course the details omitted are the Audit Office stamp, the Treasury stamp, the signatures of the certifying officers, and the initials of the officer.

218. No other particulars?—The particulars at the bottom, and the folioed number, and the stamp at the foot, and the actual date of payment for 1904.

219. Further than that there is no omission?—No.

220. You do not think there is any important omission?—No, there is no important omission.

221. In the column "No. of authority" should there not have been a number and approval by some individual who had the services to superintend?—That is so. As I have said, the certificate would have been at the foot by the certifying officer.

222. I referred to the first paragraph, "No. of authority," on the left-hand side?—I do not know whether there is any omission there or not. I would not take any notice of that column.

223. But would you admit that that would be a most important thing?—It might be. All I say is, I am certain of the main particulars of the voucher.

224. You would be aware that no payment would be authorised by the Audit Department without such signature, and stating what it was for?—All that would be there would be the particulars of service.

225. Would there not be a signature?—No.

226. Have you not put in the column the particulars of services rendered?—That is the particulars of the services rendered.

227. What becomes of the authority of approval?—That would simply be the number of the official paper which authorised it.

228. There would be a signature of approval?—No; no signature there.

The Chairman: The matter will be considered at a later stage.

229. You have stated emphatically in previous evidence that you are confident—absolutely certain, in fact—that such a voucher was in existence at one time?—Yes; that is right.

230. You have no record of the details, a written note, have you?—No, sir.

231. Well, then, you put your memory against what Mr. Collins says—his four records, one the record of the Defence Department, the other the record of the Audit Department, and two records in the Treasury?—Yes; but I also put the memory of three other officers besides myself.

232. You would recognise the responsibility on a Department if such a thing as tampering with a voucher or substituting it could be traced?—That is the reason I ask that an inquiry be set up other than a departmental inquiry, because these Departments are to some extent implicated, and they consider themselves under a slur.

233. Do you know that if such a thing was found out there would be a far greater scandal than the land scandal which is being investigated in New South Wales?—That is why I ask for further inquiry.

234. Have you known of any case where a Treasury falsified their accounts, politically or otherwise?—No; I do not.

235. But you suggest that is the only reason why you cannot find the voucher?—I suggest that is the only theory I know of that might explain it.

236. You think either a falsified voucher or a substituted voucher?—Yes; or substituted one.

237. Do you think it is likely that a number of officials such as the Treasury officers, the Auditor-General, besides a large number of clerks that would have to do with that particular voucher could possibly get into collusion to do such a thing?—You see a number of clerks would have nothing to do with it whatever. The only people that would be in collusion at all would be the officials who had already given certificates at a few hours' notice that such a thing did not exist, and if that voucher came to light they would be immediately guilty of a serious dereliction of duty, and for that reason I ask for the further inquiry.

238. Do you not think they would rather admit the dereliction of duty than be guilty of such immorality as corrupting the entries of the Treasury?—I should like to say this: that the officers who had given that certificate could very easily understand that the inquiry that was set up at that time had no possible chance of proving them wrong, because they knew the Audit books were

defective, and they knew what little chance I had of finding it. I was simply given a blind alley in which to grope, and of course they knew I could not find it.

239. Did you not know that there was still a tribunal that could order a search of the Treasury?—I am asking for that.

240. You are aware that Parliament has control of the Auditor-General, and it would be quite competent for them to address to our Committee an order to search for anything over any number of years?—I am aware of that.

241. If you are aware of that would you not think the enormity of the responsibility would be too much for any number of officers to consider, let alone undertake?—I think they would reckon the risk to be very little, for this reason, that the Premier of the colony was with them, and they are in a better position to judge of Mr. Seddon's majority in this House than I.

242. The question of the Treasury could not be controlled by the Premier?—I was in hopes that the House would look at it in that light, and for that reason I petitioned with the other three for further inquiry, and as it proved we were refused that inquiry.

243. You stated that it would be quite easy to substitute a voucher?—Yes, that is right.

244. In the case of a voucher being substituted, is it not a fact that there are a number of other means by which such payments could be traced, and the individual to whom it is paid?—That is so if we get the opportunity to search, but I had no opportunity to find them, and the people or the person who would substitute a voucher was perfectly well aware that he would run no risk by doing so, because the Auditor-General's search gave us no opportunity of finding whether such voucher was substituted or not.

245. *Mr. Rutherford.*] You stated that you and the other clerks expressed surprise that Captain Seddon should be paid a certain sum for reorganizing military stores because you did not consider him competent to do so?—Yes.

246. Are you aware that some of your friends expressed surprise that Captain Seddon was placed in a position to perform still more difficult work in South Africa?—Who do you mean by my "friends."

247. *Mr. Taylor* and, I think, *Mr. Fisher* expressed surprise?—Do you want me to express my opinion? I am perfectly willing to answer, but do you want to know whether I agree with my friends as to the appointment of Captain Seddon in South Africa?

248. You say that it was impossible that the voucher could have been faked?—Yes.

249. Unless manufactured in Wellington?—Yes.

250. It could be manufactured in Wellington?—I believe it could.

251. And from your evidence the only man who could have fixed up the voucher in Christchurch was *Mr. McBeth*?—He would have to be in collusion with the person who substituted the voucher.

252. He either did it himself or in collusion with some one?—Yes.

253. Then, it would have been possible to create a faked voucher, pass it on to *McBeth*, and *McBeth* to do all that was necessary to hoax you?—I suppose it would if he was allowed to do that; but if *McBeth* was in the hoax, if *McBeth* would lend himself to act in collusion to perpetrate a hoax of that nature, he would have to speculate as to whom it fell to—it may have fallen to any one of the clerks.

254. It would have been possible?—Yes.

255. Are the Government cheque-books the same as other cheque-books—are they numbered consecutively?—I can only speak as to our own Department's books. The cheque-books in our Department are exactly the same as your private cheques. I do not know about the Treasury books; they did not give me an opportunity of seeing them.

256. Was there a butt of a cheque?—We asked for that, and they refused to give it to us.

257. It is proposed by the Government—or, rather, a matter of newspaper report—to set up a tribunal to hold an inquiry into our audit system, it having been alleged that sums of money may be passed through and paid without any record having been kept, which, I understand, is the sole object of that tribunal being set up. Would you be satisfied to have your case referred to those three Judges with unrestricted order of reference, all witnesses to be examined by counsel and cross-examined, and leave to examine everything connected with the voucher?—I should be quite satisfied. The trouble is this: that according to the Premier's statement to the newspapers it is not to inquire into this voucher, but into the system of book-keeping.

258. Would you be satisfied to have your case referred to a tribunal such as I have enumerated?—Yes.

259. I understood you to say that all vouchers must come into existence in the Treasury Department?—No; they are created—they come into existence from the Department in which the services are performed.

260. *Mr. Davey.*] You have seen it stated in the House, I believe, and also in the public prints, that Captain Seddon was in the habit when signing vouchers to sign "*R. J. Seddon*"?—Yes.

261. Do you know from your own knowledge if that is so?—All I can say is that the voucher we saw was made out in the name of "*R. J. S. Seddon*," and if he did not sign it that way he would not have got the cheque, or, at least, the cheque would not have been countersigned, and without the countersignature he could not have got the money.

262. *Mr. Mills.*] Apparently you and *Larcombe* were very careful in investigating the voucher at that time that you spent several minutes over it?—That is so.

263. Did you not look to see who certified to the voucher being correct?—No, sir, for this reason—

264. Did you look to see whether it was signed like this one?—I can say this: that it was properly certified.

265. By whom?—I do not remember by whom—there was nothing unusual about the voucher we saw.

266. Could it have been paid unless it was certified to?—No, certainly not; but if had not been properly certified to we would have at once drawn the attention of somebody to it.

267. And could not Mr. Larcombe or those other two who thought it was irregular or improper not have certified to the man who signed it?—No; those particulars were the less prominent of the whole thing.

268. Then, when the voucher was complete, who sent them from your office?—They are returned to the Paymaster-General.

269. Is there no record taken of what they are forwarding?—Only a copy of the record I have shown you—only the number and amount.

270. Is it in the letter-book?—It is in the rough memorandum-book, a copy of which I have shown you.

271. There is no letter accompanying them?—No letter with them.

272. If they went astray they are lost?—Yes.

273. That is the way it is done in the office?—Yes.

274. *Mr. Taylor.*] If you went to the Audit Office could they tell you a single person to whom public money is paid without going to another Department to turn up the voucher?—No, they cannot.

275. Was yourself, or Larcombe, or West, or Lundon permitted to examine or be present at the examination of each particular witness called to give evidence or not?—No.

276. *Mr. Mills.*] When the claimant came for this money—say Captain Seddon—would not the Postmaster ask who he was before signing—would he sign it for any one who came in?—He is supposed to satisfy himself as to the identity of the payee before countersigning the cheque.

277. Apparently the Postmaster must have been satisfied that Captain Seddon got the cheque before he signed it, and before Captain Seddon signed the voucher?—That is so.

278. *Mr. Fisher.*] With reference to that question of the signature, it is a fact that Mr. McBeth frequently countersigns a cheque, and does not see the voucher receipted?—Yes.

279. And in many cases does not see the man who signs the voucher?—Yes; he does not attend to anybody, but prefers to leave it to the clerk.

280. Assuming Captain Seddon cashed the cheque at the Bank of New Zealand and that you had power to search the Bank of New Zealand to-morrow, could you find the cheque?—We could find the cheque.

281. But you could not identify it with Captain Seddon?—No, I should require the number of the cheque.

282. You could not walk into the Bank of New Zealand and find it?—No.

283. And Mr. Litchfield does not know whether he has that cheque here?—It is quite impossible for him to know.

284. Have you any idea if that is the signature you saw before [signature on document produced]?—The “R” in this signature and the “J” I can remember very distinctly. This signature is like the one I saw. I can remember the “R”—the top of it was curved to the left. It might easily be the signature if it had started a little bit straighter—a little more back-hand.

285. You are quite certain that vouchers are transmitted from the Treasury to the Post Office and back to the Treasury without there being any covering letter at all?—Yes.

286. The bare vouchers go in an envelope?—Yes.

287. And if one voucher went astray it would be lost?—Yes.

288. The substitution of a voucher would be the only possible theory?—That appears to me to be so—there may be others.

289. The fact of the matter so far as the voucher you saw is this, that if Captain Seddon never signs vouchers “R. J. S. Seddon,” and the one you saw was, then the document you saw must have been a forgery?—If he never signed, I suppose it would be, unless he signed the voucher on this particular occasion “R. J. S. Seddon.” He signs other things “R. J. S. Seddon.”

290. Have you got the dates on which Captain Seddon was in Christchurch during the period of your affidavits?—I could get them. He was in Christchurch several times during the period.

291. Mr. Warburton extended to you every possible courtesy, and strained the order of reference to assist you?—Yes; he was most kind.

292. But at the same time he would not allow you to see any book?—He would allow me to see nothing but the voucher.

293. Not the register?—Nothing of any kind.

294. *Mr. Davey.*] In regard to the question of the signature, is that the signature you saw?—The signature I saw was very like this signature. I would not say I could identify that with the signature I saw.

295. *Mr. Kidd.*] Do I understand you to say that you have the dates of Captain Seddon's visits to Christchurch—you denied that when I asked you?—I cannot say from memory.

296. Yet you say that you have them somewhere?—I took it out at different times.

297. You have taken sufficient notice of his movements?—Since the inquiry. I say now I do not know, but I believe I could find in my home some record of the particulars, because I took them after the inquiry.

298. How did you get them?—I got them from the papers—I went through the files.

299. It would be also reasonable to suppose that if a large sum of money was waiting for him he would be there, and if it was not in Christchurch he could wire to Wellington that the money be forwarded to him?—Yes.

300. Because you make a point that payment was made in a different place to where the work was done?—Yes.

301. Therefore it would be interesting to know if Captain Seddon was in Christchurch at the time you say you saw this voucher?—Yes; I cannot give the date.

302. *Mr. E. M. Smith.*] Why did you lay stress on the fact of the manager of the Bank of New Zealand having made such inquiry, and not before?—It proves the eagerness of that gentleman to assist the Premier to the very utmost, and it proves also that his certificate is of very little value.

303. Are you aware some one put in circulation the statement that a bank clerk had stated to him that he saw the cheque, and that that has since been denied by the manager?—I know that.

304. If that was made, do you not think it was made for the purpose of raising a false issue?—I do not know who made the statement. I know it is common talk in Christchurch. If you go there you will find a number of people clerks in the Bank of New Zealand have told, but they are in this position, that they dare not mention this as they would lose their positions, and the only way is to have those men at a proper inquiry. I believe they have stated that they know something about it.

305. *The Chairman.*] You stated in your evidence just tendered that a voucher comes in an envelope and is paid at the Post-office, and might be lost?—I say these vouchers are sent from Wellington in envelopes and returned to Wellington in envelopes, and there is the possibility of a record being lost.

306. What is the record kept of them in the Treasury books?—They say, all particulars.

307. Then, it would be quite easy to trace that particular document into the Treasury books?—It should be.

308. *Mr. Fisher.*] The certificate that was given from the Defence Department was given by Mr. Grey?—Yes; Mr. Grey.

309. Was Mr. Grey or Colonel Porter Under-Secretary at the time?—Colonel Porter was for some part of the time—I do not know why he was not called. I do not know why Colonel Porter did not give the certificate.

FRIDAY, 13TH OCTOBER, 1905.

JAMES KEMMIS Warburton, examined. (No. 2.)

1. *The Chairman.*] What are you?—Controller and Auditor-General.

2. You have been asked to attend to-day in order to give evidence relative to a petition of various individuals. The object of the petitioners' evidence, speaking generally, is with a view to showing that if the inquiry had been held in a manner which they favoured they would have been able to prove their case. Do you wish to make a statement to the Committee stating in the first place the methods adopted in regard to such inquiry, whether such inquiry would be benefited by the fact of it being an open inquiry with the Press present and counsel being permitted to attend, and as to how far you are satisfied with regard to finding such voucher if it existed?—I have already given my opinion. I have given my decision on the point whether there was such a voucher, and it would be difficult for any one to understand the force of the conclusion and the course I took in coming to my decision without studying the requirements of the Public Revenues Act. I do not think myself that any public inquiry could accord me the satisfaction I have from simply an examination of the Audit Office books and vouchers that there was never any such voucher for payment out of the Public Account. I do not think myself that any public inquiry could shake my opinion on that point. To my mind there was no occasion to examine anybody except the books, vouchers, and requisitions in the Audit Office and the paid vouchers filed by the Treasury. Under section 44 of the Public Revenues Act, every claim for payment of public money must be put into a voucher, and every voucher which the Treasury proposes to pay is put into a requisition, and every voucher in that requisition which the Audit Office approves of paying is authorised by a bank order authorising the bank to cash the relative cheques of the Treasury, and the Audit Office balances its books every week and finds that the bank balance of the Public Account is the balance which remains after the issue of its orders, so that the bank orders issued by the Audit Office, which are necessary to the Treasury to pay the vouchers entered in its requisitions to the Audit Office, are the only authority to make those payments. Now, those requisitions are preserved in the Audit Office, and we go to those requisitions to find the service for which payment is made, the voted service, the number of the voucher, and the amount of the voucher; and every voucher for a payment from £40 to £100 through the Chief Postmaster at Christchurch by means of a Treasury cheque during the whole period of Captain Seddon's service was examined by the Audit Office and inspected by the Audit officer. I did not understand it was a question whether my verdict was a good one or not.

3. I do not think there is any contention as to whether your opinion was good or otherwise. The petitioners ask for a full and open inquiry with cross-examination of witnesses by counsel as would obtain before, we will say, a Supreme Court Judge?—I have very little to say on that point. What I express, perhaps, is my own conviction, that no judicial inquiry could prove so much as I can prove, and that is that there never was any such voucher for payment out of the Public Account for this sum of money for that service.

4. *Mr. E. M. Smith.*] The sum never was paid?—No. Perhaps it would be difficult for any one else to understand without an explanation of, or without studying, the Public Revenues Act. I do not think it possible for any public inquiry to prove what I can prove to my own satisfaction without examining a single witness except using my own officers for the purpose of looking for the vouchers according to the requisitions.

5. *The Chairman.*] That is to say, generally, you contend that the inquiry you held was equal to any public inquiry that could be instituted for the purpose of ascertaining if such a document

as alleged did exist?—Yes. Every claim for public money must go into a voucher, that voucher must be passed by the Audit Office, a voucher so passed by the Audit Office must be put by the Treasury into a requisition which the Audit Office keeps, and the Audit Office being satisfied that that voucher can be paid then issues a bank order for the payment of such voucher. We go then to the original vouchers paid, and the only question, it seems to me, that can arise is as to whether those vouchers are genuine or not. Now, the inspection by the Audit Office is such as to leave no doubt whatever that every voucher examined was a genuine voucher; the vouchers examined comprised all the vouchers that could possibly include the alleged voucher in question.

6. You have had long experience in matters of audit and accountancy generally—Yes; I have set up the Post Office accounts, Public Trust Office accounts, and many others.

7. And I take it that you have also a general knowledge of accountancy as it is understood in other colonies—you have made a study of the question of accountancy and audit?—Generally. I can say I specially understand the system of audit in New Zealand, and generally the others.

8. In your opinion is there any method whereby a voucher could be substituted and payment made and again replaced by another voucher—is there any loophole whereby such a thing could possibly take place without detection?—I think it would be impracticable.

9. Is it possible for a voucher to be abstracted after they return and file another one filled up similar in amount but the name changed and the number put in correctly?—Every voucher contains two signatures of the Audit officers, one either of myself or Mr. Gavin passing it ultimately, the other the clerk who receives and checks it. You may take the first dozen vouchers that are paid in the manner described, and you will find two Audit officers' signatures on each. These two Audit officers' signatures are put on for the passing.

10. Is it possible to be done without detection?—Nothing is impossible in that way.

11. *Mr. Mills.*] If such a thing was done it would be a forgery, I assume?—Yes, sir.

12. And they would have to forge the initials of yourself and one of the Audit officers?—Yes.

13. In the evidence given by Mr. Willis he said, "The way the Auditor-General's inquiry was conducted, a man could state exactly what he pleased, and could take as long as he liked," and he also says, "From the point of view of any one who had anything to conceal, it was a very nice inquiry." Have you anything to say regarding that?—I should say this: that he appears to regard this inquiry as one of his own rather than by the Controller and Auditor-General. It was for the Controller and Auditor-General to report, and not for Mr. Willis; and as for his statement I do not know on what he grounds it. There was one officer who said he did not wish a paragraph to appear about Mr. McBeth, and he asked only that it might be left out of the published report.

14. Then, a little further on, he says, "The order of reference of the Auditor-General's inquiry was restricted; I was not given access to certain papers which, if placed on record, would have given me the opportunity of proving my case?"—I do not know what papers he refers to.

15. He also states, "The Auditor-General would not consider the question of fraud, and his books for our inquiry are, to a very great extent, defective in the fact that they do not show certain particulars?" Well, all that I have to say to that is, that if the payment was made at all it would have appeared in the search, and the search was made with a view to possible fraud. The report with which my evidence concludes, of the Audit inspection, shows that there was nothing in any voucher seen to indicate fraud, and I suppose Mr. Willis means my conclusion to that effect. This appears to me to be testing my judgment in the matter—going over the case again. I think I have settled that. It appears to me that my report, and the evidence I submitted, which has not been questioned by any of the witnesses, is conclusive so far as my report goes, but I am quite prepared to go into these questions.

16. He has made these statements to the Committee, and that is why I am asking you. He states here, "In the Auditor-General's books the only facts that are recorded are the numbers of the vouchers and the amount of payment"?—That is not so—the service is recorded in the vote. The vote which authorises the service is recorded as well as the amount and the number of the voucher. I might add the remark which I made at the beginning, that this was an inquiry by the Controller and Auditor-General and not by Mr. Willis.

17. Then he says, "Mr. Warburton told me that his inquiry was not to satisfy the House of Representatives, nor to satisfy the public of this colony, nor to satisfy we witnesses, but simply to satisfy him that this payment did not exist"?—I recollect nothing of that kind. Nothing of the kind was said, nor anything to that effect.

18. He also says, "Mr. Warburton took a very long time to consider what he would allow me to put on record. I did not have an opportunity of giving what evidence I wished"?—I think, if I recollect right, he has said that witnesses could state what they pleased, and take as long as they liked. They were allowed to put in evidence whatever they wanted to say.

19. He follows that up by saying, "Some of the points I wish to make were not put on record in the Auditor-General's inquiry"?—He probably did not make some of the points he wished to make. I notice he states here, "He considered for some time before he would allow me to place on record my statement that his books were defective in one point. He said that auditors did not keep books, but I pointed out that he was also Controller of the Public Account." The second part of that is incorrect, but the first part, perhaps, is correct that I did hesitate. He says in the evidence which is signed, "I know nothing of the Audit Office books," and then a little later, after examining the vouchers, he says, "To me there seems one very grave defect in your books." That was the remark, no doubt, upon which I hesitated. It was the inconsistency of the two remarks, but I did not object to putting down whatever he wished.

20. On page 18, Mr. Willis says, "Mr. Warburton absolutely refused to consider the assumption of fraud whatever"?—I can only regard that as referring to my conclusion I have already mentioned, that there was no fraud, and that a careful inspection of the vouchers disclosed nothing like fraud.

21. In the cheque-books used, is there a butt similar to the ordinary cheque-books?—I believe there is in the Treasury.

22. Something like we have in our own cheque-books?—Yes, that is what I mean.

23. *Mr. Davey.*] As to whether it was possible to abstract a voucher and replace it with another, you said it might be possible, but it would mean fraud?—Yes.

24. Are the vouchers numbered automatically by a machine?—Yes.

25. Is that machine at the disposal of anybody? Who looks after it and numbers the vouchers?—They are numbered by the Treasury clerk.

26. Has he sole charge?—I do not know whether he has sole charge. I should say it would be practicable to get a number put on a voucher. I cannot say that I know it as a fact, but from what I have seen of the custody of these numbering-machines I should say that unless more care is taken of the machine than I am aware of it could be done.

27. Supposing it is decided by the Defence Department to pay £70 to any one, the name of the man is inserted in the voucher?—Yes.

28. Before that voucher is sent to, say, Christchurch, is the name taken off that voucher and entered in a book?—No, sir; the voucher with the name on must go to the Audit Office, and must be approved for payment with the stamp of approval by the Department, and then entered into an abstract-book, called the Alphabetical Register of Claims; then it is sent to the Audit Office to be passed for payment, and then it goes back to the Department or to the Treasury—it ultimately goes to the Treasury—and the Treasury proposing to pay it puts it into the requisition I have already described, and sends it to the Audit Office. The Audit Office approving of the payment issues a bank order by which the bank is authorised to issue out of the Public Account the money required by the requisition.

29. There are really records outside the face of the voucher itself showing to whom the money is paid?—Yes; the voucher itself shows to whom the money is paid. The Treasury has a book record, but the Audit Office, when it comes to prove the payment, goes to the original voucher.

30. What I mean is this: is there any record now in the Treasury or Audit Department which would show to whom every voucher is paid?—Not in the Audit Office.

31. In the Treasury?—Yes; in the Treasury there is.

32. Have you examined those books in the Treasury?—Yes.

33. And the payment was not made to Captain Seddon?—No.

34. The order of reference referred you to 1904 only—you did not go outside that year?—From 31st March, 1903, to the 30th June, 1905.

35. You went through that period?—Yes; and every voucher, whether it was for any payment whatever made at Christchurch Post Office by a Treasury cheque countersigned by the Chief Postmaster was inspected. We went through all vouchers for payments made there for every purpose, whether for Defence or any other Department, between £40 and £100, so though I reported that there was no such payment made for the particular service—the reorganization of Defence Stores—I could have reported much more widely.

36. When, say, a cheque is sent to Christchurch for, say, £70, when that cheque is signed by a man who is entitled to receive the money, or supposed to, no record is kept in a book of who signed that voucher?—Not in Christchurch, no.

37. Anywhere?—No, not there.

38. For instance, the Postmaster at Christchurch is supposed to satisfy himself that the man receiving that money is the person who should receive it?—Yes.

39. But no record is kept as to who received it, whether an authorised agent or the man himself?—No, the voucher shows that.

40. Do not you think a record should be kept in the case of destruction of a voucher as to who did receive it? Had such a book been kept it would have settled the whole inquiry, would it not?—Well, I do not know. You are asking whether that should not be the arrangement.

41. Would it not be advisable to make that arrangement in future, to have a column showing the name of the man who received that money?—It certainly would be more conclusive, but I do not know whether it would be advisable. It is a question for the Administration whether they would go to all this extra trouble. I should have to consider it very carefully before I should recommend it. I do not like to say at once that it should be done.

42. But you admit that it would be more conclusive?—It would have been more conclusive on this point, no doubt.

43. Regarding the amount of work entailed, it would only mean the addition of a name by the clerk as he writes in the figures?—But Christchurch is the only office I know—and it was a surprise to the Treasury that such a book was kept, and also to the General Post Office here. It was a book kept there for the purpose of saving the Post Office perhaps a little trouble that experience had shown to have been caused by inquiries respecting vouchers that could not be found—vouchers sent to the Christchurch office. I am only giving my idea as a reason for the existence of this book. The question is rather for the Treasury to consider whether there should be a book kept at every Government office in the colony where the officer countersigns Treasury cheques.

44. You think it is worth consideration?—I think it is worth consideration, yes.

45. It has been stated to us, and you know it is quite common, that Captain Seddon always signs his vouchers "R. J. Seddon"—is that correct?—So far as I have examined vouchers, and I have examined them recently, it is correct.

46. Have you ever seen any signed "R. J. S. Seddon"?—No, not for Treasury payments.

47. None have been made out to him "R. J. S. Seddon"?—I have looked at his signatures, and they were always signed "R. J. Seddon."

48. Does the Premier sign his vouchers "R. J. Seddon"?—I should say his signature is "R. J. Seddon."

49. Do you know whether it is usual in passing a voucher along for payment for military services that his position is named in that voucher, such as Captain R. J. Seddon at the top, or such as Commander or Colonel?—I think not. We should not question it as long as the payee was named. I could not answer without specially satisfying myself, but I believe it not to be so. The Audit would not raise any question on that point.

50. *Mr. E. M. Smith.*] You have carefully read the evidence given by the witness Willis?—Yes.

51. Now, in regard to the suggestion that a voucher could be put through the Treasury for certain work done and then could be abstracted afterwards, do you say that those two signatures would have to be forged?—Two Audit officers' signatures of authority, or rather we should call them initials.

52. Are there not two Audit Office stamps on the vouchers?—Yes; there is the Audit Office stamp of receipt and payment and the approval stamp of the Department which approves the voucher.

53. So that there would be stamps to be forged as well as initials?—They would have to place the stamps on.

54. So that it would easily be identified if the voucher had been abstracted and another one put in its place?—We could identify it by our initials, the initials of the Audit officers and the stamps, though the stamps, of course, are hand-stamps, and it might be practicable to get possession of the hand-stamps for the purpose.

55. You examined the officers of the Defence Department to see whether this work had been authorised?—Yes.

56. And their evidence was that no authority had been given, no work had ever been performed, and they were positively sure that no payment had been made so far as they knew?—That is so.

57. What becomes of the cheque after it is paid at Christchurch?—The cheque, I believe, is retained by the paying-office. The Treasury could give evidence on that.

58. Did you put any obstacle in the road of Mr. Willis in regard to his overhauling the papers in your Department for the purpose of finding whether such voucher existed or not?—He did not ask to overhaul the books of the Audit Office. He had every facility placed in his way for examining all the original vouchers according to lists which he had signed himself as correct, lists prepared from the record kept by the Chief Postmaster of the vouchers for payments made by him on cheques countersigned by him, and the lists which he signed as correct were verified by the Audit Office books. I think that his requests received every consideration. If there was any fault to find I think it was that the facilities afforded to him were rather too great, if anything.

59. *Mr. Fowlds.*] With reference to the question of the substitution of a voucher during the time the inquiry was being held, did your examination of these vouchers establish to your satisfaction that they were all genuine vouchers?—Yes, sir.

60. You are satisfied there was no fraud as far as those vouchers were concerned?—Completely.

61. With reference to the mistake that was made in the amount of one voucher—£7 4s. 9d. as against £70 4s. 9d.—was that mistake only in the memorandum-book kept in the Christchurch office?—Yes.

62. There were one or two little mistakes?—There was one other—according to my report there were two, but I found subsequently that one of those two was an error in a list taken out from the Christchurch book—an error in the taking-out.

63. And the other one of those two was an error in the Christchurch books?—Yes; there could be no error in the Audit Office books.

64. *Mr. Rutherford.*] This, of course, Mr. Warburton, was a departmental inquiry that you held?—An inquiry by the Controller and Auditor-General. It is not, strictly speaking, a departmental inquiry, because I have no official superior.

65. There is a distinction?—It is not, strictly speaking, a departmental inquiry.

66. At this examination only one witness was present at a time?—Yes.

67. You sat in the room and the witnesses were admitted one at a time?—Yes, in my own office.

68. Then there was no cross-examination, that is to say, Willis had no power to cross-examine any of the witnesses—when Mr. Collins gave his evidence Willis was not there to cross-examine him—he was not cross-examined by any one but you?—No; it was evidence I was taking in exercise of my powers under the Public Revenues Act.

69. He was not cross-examined by Mr. Willis?—No.

70. When Mr. Willis gave his evidence he stated that he could give what evidence he pleased, but that all of it was not placed on record?—That is not correct.

71. You deny that?—Yes.

72. Mr. Willis also stated, "Then we come to the fact that Mr. Grey states that certain records, certain books of account and the register of records have been searched, but they would not allow me to search them, they would not give me an opportunity of seeing them, but only the things that would establish their case; and the Treasury and Defence books apparently, according to the evidence, are the only places where the name of the payee, the particulars of the services rendered, and the amounts are recorded. That is the very thing I wished to see, but they would not allow me to see them—I had no opportunity of getting at those records. Then Mr. Collins refers to the many records of such payment, but he would not allow me to see one of them."

WEDNESDAY, 18TH OCTOBER, 1905.

JAMES KEMMIS WARBURTON (No. 2) re-examined.

1. *Mr. Rutherford.*] Mr. Willis also stated, "Then we come to the fact that Mr. Grey states that certain records, certain books of account, and the Register of Records have been searched, but they would not allow me to search them, they would not give me an opportunity of seeing them, but only the things that would establish their case; and the Treasury and Defence books apparently, according to the evidence, are the only places where the name of the payee, the particulars of the services rendered, and the amounts are recorded. That is the very thing I wished to see, but they would not allow me to see them—I had no opportunity of getting at those records. Then Mr. Collins refers to the many records of such payment, but he would not allow me to see one of them." Is it true that he was refused access to those books?—Those books were examined by the Audit Office, and I wish to add that I was asked not to refer to the evidence appended to my report in support of it—the question was asked independently of the evidence. I would say that not a word more or less passed in the shape of a request from Mr. Willis to see the Treasury or any other books than appears in the evidence. I should not have attempted to add a word—I cannot properly do so. That is all that passed. Mr. Willis said, in reply to my question that this resolves itself into a question as to the genuineness of the vouchers exhibited to you—"either that or else there is some defect in the system of recording the payments. I would for this reason ask to see the entry in the Treasury books of every payment according to the Chief Postmaster's record without limit as to the amount." I then said that this would only go to show that the Treasury books were right or wrong according as they agreed or differed with the Audit Office books and the vouchers exhibited, and Mr. Willis said, "There is a possibility of error. Then, as I have said, the whole thing rests on the original voucher, and I think a voucher could very easily be tampered with." Not a word more or less was said in the evidence, and it is not strictly correct to say that he was refused, or that he was not refused, or that even no notice was taken of it.

2. Then you said, "I think that is mere assertion when he states 'they would not give me an opportunity of seeing them, but only the things that would establish their case'?"—I mean this, that he made no request beyond what appears in the evidence, and that if he means by saying that he was not allowed that he was refused the request to see these books, that is mere assertion. It is impossible, as I want to explain to the Committee, to say anything outside to add to my evidence, because nothing else took place—not a word more passed. Mr. Willis did not add a word beyond what is in that evidence.

3. Then you add, "That is unless he means that he was not invited to see what he did not ask to see?"—That is my correction—that is what I mean. The word "allowed" appeared to me to mean that he was actually refused. The only request that he made was that which appears in the evidence to see the entries in the Treasury books.

4. Did you refuse him access to those books—the Defence and Treasury books?—I believe he said in his evidence that he wanted to, but I do not know that he said anything more in his evidence. I would add to that a little—he asked in his evidence to see the entries in the Treasury books. He said nothing more than appears in his evidence, and nothing more was said than appears there.

5. They state that they wished to have access to certain books which would give them an opportunity of proving their case?—I do not remember refusing the request. I alter that by saying that I paid no more attention to the request than the evidence shows. My confusion in the first case arose from an attempt to speak independently of the evidence, and to give an answer that the evidence did not give. It was impossible for me to do it, and I fell into confusion.

6. He wants access to books of account showing the records of payments of those sums of money?—He did not have access to those books, and I should have had to go to the Treasury and Defence books to give him access—they were not my books. Mine was an inquiry held by the Controller and Auditor-General. Are you going into the question of my verdict?

7. No, I am not going into your verdict at all?—What I would say now is shown clearly by the report and evidence I have submitted in support of my verdict. I had taken from the Audit Office books every voucher that could include the alleged payment, and I had gone to the original vouchers.

8. The suggestion contained in this is that you yourself kept back, or at any rate that there were certain things in those books which you must have known of, and that you would not give access to these books and records?—It is not correct to suggest or say that. Nothing was kept back that would help my inquiry, because we had seen all the original vouchers.

9. But why not give him access to those books?—Because in my opinion I considered it was conclusive to meet this inquiry. The answer is not intelligible to me. It would not have helped my inquiry; I was authorised to report—not Mr. Willis. I examined the Treasury books and satisfied myself that there was no such voucher.

10. Then the position you took up was that the inquiry was not for the purpose of satisfying the House of Representatives or the people of New Zealand, but to satisfy yourself that the system was complete?—I did not take up that position. I took up the position that mine was a complete inquiry under the section of the Public Revenues Act which authorised it.

11. Then in answer to Mr. Davey as to whether he was allowed to see anything, Mr. Willis replied that you would not allow him to see anything but the vouchers?—I did not say I would not allow him to see anything more. I recollect this, that he did not see the Treasury books as far as I know, he did not see the Defence books as far as I know, but as to whether he was refused to see any books, I cannot add more than appears in the evidence.

12. Did he see any book records of all vouchers that passed through Christchurch?—So far as I know he did not, except the Chief Post-office record-books already described, which he speaks of having seen.

13. Did he ask for access to the Treasury and Defence books?—Beyond what is in the evidence appended to my report he did not. This report might be misunderstood. I dare say he wanted to see those, but I cannot add to the evidence. I know very well that it would not have served any purpose whatever of my report. He could only have seen entered in the Treasury books the entries of the original vouchers which he had seen and inspected. There is one thing he did appear to want, and it was that every voucher of any amount that was paid should be taken out and published. That request is, I think, in the evidence.

14. I am not asking you with reference to the vouchers—I am asking you about the alleged refusal of access to the Treasury books?—My previous answer was that I paid no attention to such request, but I do not think that was strictly correct, as I have already explained that not a word more or less passed than appears in the evidence appended to my report. It is not strictly correct to say that he was refused or was not refused, or that no notice was taken of his request.

15. Did he make the request?—Yes; that appears in the evidence, but nothing more passed than appears there.

16. You know at any rate that he says in his evidence that he was refused access to those books?—The answer there is that many of his statements I would not like to comment upon. My answer to that question now is "Yes."

17. Then, again, he says he was refused access to the butt of the cheque-book?—My answer was that I did not recollect any request to that effect. I have since ascertained that there is no butt to the Treasury cheque-book—the cheques of the Treasury Paymaster-General are without butts. I formerly spoke with some doubt; I said I believed there were butts to the Treasury cheques. I find by inquiry since that the cheques of the Treasury Paymaster-General are without butts. The butts are to the cheques used by the Treasury Cashier for local payments.

18. *Mr. Mills.*] I wish to ask you whether there is not a mistake in your reply to a question on page 10, where you say, "I should say his signature is 'R. J. S. Seddon'?"—I have corrected that. I should say the Premier's signature is "R. J. Seddon."

19. Did you omit to put down in the inquiry anything that could throw light on the matter?—I omitted to put nothing down in the shape of evidence. Mr. Willis asked for a copy of the evidence before it was presented to Parliament and published, and he was refused it till then.

20. Did you omit to put anything down that bore on the inquiry or could throw light on the matter?—I do not think anything was omitted in the shape of evidence. I was requested to make the inquiry into the certificates of the officers of administration. I called all the necessary evidence available. Mr. Willis could give no more evidence than his affidavit afforded. Then, if I might, I would explain why I went beyond the reference. When he had given his evidence, in order to obtain his assistance I went a little beyond the strict reference. Then I had lists prepared—lists which he certified as correct—from the Chief Postmaster's record-book of every voucher of between £40 and £100. These original vouchers were produced to me from the list, and the alleged voucher was not found among them, and he asked that the Chief Postmaster's record should be verified by the Audit Office books; it was so verified, and there was no material correction. Mr. Willis says that much of his evidence was not taken down. I think that not a word of his evidence was left out in the printed copy. My difficulty is this: that I am really examined as to that evidence in regard to my report. It appears to me it is impossible for me to avoid reference to it, and the explanation of my answers to the questions and my confusion was on account of my attempting to do this. What I left out was left out at Willis's request. After he found that all the vouchers produced according to the verified books did not include the alleged voucher, he said something to this effect: "These people would stick at nothing to destroy all traces of the voucher." That puts it very mildly.

21. *The Chairman.*] That was an assertion made by Mr. Willis at your inquiry?—Before me at the inquiry. He himself asked that this which was not evidence should not be taken down. He made some very wild charges, but those were not evidence.

22. Your evidence on this point is to this effect: that there is no evidence omitted attached to your report except what Mr. Willis himself asked to be omitted?—That is so.

23. *Mr. W. Fraser.*] Was it so omitted?—It was. That is, these charges I have just been speaking of. Those charges were omitted at his wish.

24. Mr. Willis did not want these things to appear in the evidence. You are now giving evidence of statements which were made before you and which were withdrawn—do you desire that?—Yes, I desire that.

25. *Mr. Alison.*] Mr. Willis stated this: "When we come to the fact that Mr. Grey states that certain records, certain books of account, and the Register of Records have been searched, but they would not allow me to search them, they would not give me an opportunity of seeing them, but only the things that would establish their case; and the Treasury and Defence books apparently, according to the evidence, are the only places where the name of the payee, the particulars of the services rendered, and the amounts are recorded. That is the very thing I wished to see, but they would not allow me to see them—I had no opportunity of getting at those records." Do you deny the correctness of Mr. Willis's statement?—I say I must quote my report. Not a word more or less passed than appears in the evidence appended to my report. I cannot add a word to that report.

26. Did you give him an opportunity of getting at the records referred to which I have read?—The only request he made to see any books was what appears in the evidence. On page 10 he says, "I would for this reason ask to see the entry in the Treasury books of every payment according to the Chief Postmaster's record without limit as to the amount." That is all that passed, not a word more or less, and I cannot add a word more or less, nor can I interpret it. It is not quite correct to say that the request was refused, or that it was not refused, or that even no notice was taken of it.

27. What I want to know from you is this: A clear and definite statement is made by Mr. Willis that he was refused to be allowed to investigate or see certain books of account which he asked to see. Did you refuse him access to those books?—If you ask me to add a word to what appears in this evidence, I say that no word more than appears in this evidence ever passed.

28. Leaving out the evidence altogether—you conducted the inquiry?—That is what confused me in the first instance.

29. Can you remember what transpired at the hearing?—Nothing transpired except what is in the evidence.

30. You were Controller and Auditor-General investigating this question: do you not remember what took place?—This took place—nothing more or less.

31. Do you remember Willis making application to you to see certain books and records, and your refusing to grant that?—Nothing beyond—

32. Did you refuse Willis access to certain books and records?—I cannot interpret that. That is the confusion I got into before, through being asked to speak without regard to the evidence.

33. You cannot remember what took place?—I can. This is all that took place—not a word more or less passed.

34. Does the evidence contain an answer to this question I am putting to you: When Mr. Willis states in his evidence before this Committee that you refused him access to certain records and books which he desired to investigate did you or did you not refuse him?—I must answer by repeating these paragraphs, and it is not right that I should be asked to add a word to the evidence: "This would go only to show that the Treasury books were right or wrong according as they agreed or differed with the Audit Office books and the voucher exhibited." "There is a possibility of error. Then, as I have said, the whole thing rests on the original voucher, and I think a voucher could very easily be tampered with." If you ask me what I feel on the subject, it is that Mr. Willis did not expect what he was asking, just as he did not expect what he was asking a little before on the same day, that his suggestion should be adopted of taking out all the vouchers for every amount and publishing them.

35. When there was an investigation on a question of this kind, do you consider it right of the Auditor-General to refuse the persons affected the opportunity of investigating the books connected with the investigation?—I am quite prepared to defend every word of my report in Parliament. Is this Committee going into that question?

36. Did you or did you not refuse Mr. Willis access to certain records and books to which he desired to have access?—I have already stated in evidence this morning that not a word more or less passed than appears in the evidence appended to my report. It is not strictly correct to say that he was refused or was not refused, or that no notice was taken of his request.

37. We will go to page 14, in reply to Mr. Rutherford's question, "He wants access to books of account showing the records of payments of those sums of money," you said, "He did not have access to those books, and I should have had to go to the Treasury and Defence books to give him access—they were not my books." Did you not consider as Auditor-General that when there was an investigation of this kind taking place you had a right to produce the books of any Department in connection with the inquiry?—Why, sir?

38. Did you not consider that you should?—I was inquiring into the question whether the certificates of certain officers of the Administration were correct. It was not Mr. Willis's inquiry. Why should Mr. Willis have access to those things? But I will say this: that if I considered it would have helped my inquiry in the slightest degree I would have given Mr. Willis access not only to the Treasury books, if I could have, but I would have asked for access to any books and records I had. The entries in the Treasury books could only be the entries of the original vouchers that had been produced to him.

39. Was your investigation wholly and solely to ascertain whether statements made by officials in connection with this voucher question were correct or not?—My answer was in direct terms of that: "I have the honour most respectfully to state that I have inquired accordingly, and to report that, in my opinion, the certificates in question are correct in substance and in fact—that during the whole period of Captain Seddon's employment in the public service—from the 31st March, 1903, to the 30th June, 1905—no voucher was ever issued and passed through the Treasury for a payment to him for the organization or reorganization of Defence Stores, that no such voucher exists, and that no such payment was ever made." The reference was: "Extract from the Journals of the House of Representatives, Thursday, the 10th day of August.—*Resolved*, That the Controller and Auditor-General be requested to inquire and report in terms of the prayer of the petition of J. B. Heywood, Secretary to the Treasury; R. J. Collins, Assistant Secretary to the Treasury; and T. F. Grey, Acting Under-Secretary for Defence, presented this day; such inquiry to include the whole period of Captain Seddon's employment in the public service."

40. Did you consider that Mr. Willis was justified at the inquiry in asking for the production of certain documents and books to satisfy the investigation which was being made? Mr. Willis made application to you for the production of certain documents and records. I understood you to say you were there investigating not for Mr. Willis, to ascertain what he sought to ascertain, but merely to find out whether the officials who had certified that there was no voucher had made correct statements or not?—I was making the inquiry, and if I had considered that it would have helped in the slightest degree that inquiry, I should have given him access not only to the books he asked for according to the evidence in the report, but to any other book or any other records. My officers produced to him every voucher that could possibly include the alleged voucher. In the Treasury books, as I explained, there could only be the entries of those vouchers.

41. You say there is no butt to the Treasury check-books?—There are no butts in the ordinary sense of the word—the cheques of the Paymaster-General are without butts.

42. When a cheque is issued by the Paymaster-General, is there any duplicate or record of the issue of that cheque?—The number of the cheque, the amount of it, and the branch of the Bank of New Zealand on which it is drawn are entered in a bank ledger. Then, the number of the cheque, the payee's name and address are entered in the address register, and then all particulars of the voucher are entered in the abstract-book at the Treasury.

43. Is it possible—assuming that a voucher was lost—to ascertain from the Treasury books to whom the cheque was issued, and for what services?—Yes, I think so. I should say those books would indicate it.

44. *Mr. Fisher.*] I think I understood you to say that you have omitted no evidence?—Yes.

45. Did you from amongst the documents get a specimen copy of the voucher?—No.

46. Were you not shown one?—Willis after giving evidence and after his search on one occasion came to me with a blue voucher, but I did not look at it.

47. Did Willis not show you a voucher and say, "This is the voucher we saw"?—He said something like that.

48. Did you not record that in evidence?—No.

49. Did not Willis describe to you the difference between the "Sneddon" voucher and the blue voucher?—No.

50. Was it not described to you by me?—I dare say it may have been in your evidence. If it is not there it was not.

51. As the Premier signs vouchers "R. J. Seddon," and Captain Seddon also signs "R. J. Seddon," how is it possible for the Audit Department to distinguish between the two vouchers—what mode of distinction is there between them?—I do not think there can be any doubt as to the distinction, because there would first of all be the salary of the officer, the travelling-expenses of the officer, and the particular services of the officer. It seems to me that this would be obvious.

52. If Captain Seddon travelled and drew £1 10s. a day expenses, you would assume it was the Premier's voucher because it was for £1 10s. a day travelling-allowance?—I do not think I would assume it would be the Premier's voucher. We would check the Premier's movements. The Premier's claims for travelling-allowance are checked.

53. As a matter of fact, you have no means of checking or distinguishing between vouchers of R. J. Seddon, senior, and R. J. Seddon, junior, except the different signatures?—The officers would be described in the voucher, although sometimes the description might be left out.

54. In which case you would not be able to distinguish?—I dare say the description might occasionally be left out, but I do not think there could be any mistake on that account.

55. Mr. Willis went through the vouchers once, and then asked to go through them a second time?—No; not to my recollection.

56. Did he ask you for permission to publish the names?—It is in the evidence. He did not ask me in so many words; he put it this way: "I believe that if the whole of the vouchers are checked and the names and amounts published we may possibly discover a fraud." That is all he said on that point.

57. What did you say?—To that suggestion I followed it up with these words: "The voucher has been exhibited to you for every payment made at Christchurch during the period that could, if the voucher were genuine, be the voucher in question—that is, every such voucher as shown by the Chief Postmaster's record; and the Audit Office has proved from its own books that there has been no voucher for the amount omitted. So that all the other payments made at Christchurch within the period during which you say the payment must have been made cannot possibly, in my judgment, include the voucher." That is the only notice I took of that.

58. I think you stated that there were two signatures on each voucher from the Audit Department?—Yes; initials.

59. Are they signatures or initials?—Initials generally, but signatures sometimes; but I think they are more often initials than signatures.

60. There are initials on the "Sneddon" voucher?—Yes.

61. Whose initials?—Either my own or Mr. Gavin's.

62. But not both?—No; and the clerk's who checks the vouchers.

63. *Mr. Davey.*] Mr. Fisher asked you whether Mr. Willis showed you a voucher, and you said, "Yes, he did," but it was not taken down in your evidence. Was that done during the course of the evidence?—No, it was not. He came in and took it out of his pocket while he was waiting in the office after the vouchers had been produced to him by the Audit Office.

64. After the inquiry had been closed?—No; after the examination on that day of the vouchers and the failure of that examination to prove the existence of the alleged voucher. Then, passing through the office he pulled out this voucher. I cannot describe it, as I did not particularly look at it. I presume if he wanted to put it in evidence he would have done so.

65. *Mr. Fisher.*] I understood you to say the other day that the name appeared on the voucher of the Audit official?—I said "signature," I think, or "initials."

66. *Mr. Taylor.*] I want to ask you, Mr. Warburton, did you not know when conducting the recent inquiry that there were no butts to the Treasury cheque-books?—No. When I spoke the other day I said I believed there were.

67. In reply to a question just now you said the entries in the Treasury books could only have been the entries made from the original vouchers which he had seen?—Yes.

68. Supposing that a fraudulent voucher had taken the place of the original voucher that these four men say they saw in the Christchurch Post-office, would it not be vastly important that a comparison should be made from the book record of the original voucher and the voucher at present on the file?—If there was any ground whatever for a suspicion of that kind.

69. Do you deny the possibility of fraud?—I do not deny the possibility of fraud. I deny that there has been fraud in this case.

70. Did you notice that the Storekeeper of the Defence Department said that the service had never been rendered that it was alleged Captain Seddon had rendered, and that the Treasury officials denied that any record of such payment existed? Does that not suggest to you that such voucher must have been a fraudulent one?—The entries in the Treasury books and Defence books were examined by the Audit Office.

71. Did you personally see any voucher or any book record in connection with your inquiry, or was the whole search made by your subordinates? The object is to see whether the inquiry was full enough, or whether we should get a judicial inquiry on top of it?—I prepared some of the lists, and my officers prepared some of the lists of all vouchers made for payments of between £40 and £100 made by the Chief Postmaster at Christchurch. Those lists were initialled as correct by Mr. Willis, but I did not see the vouchers. I trusted the production of them to Mr. Willis by my clerk. I should like to put in a memorandum which Mr. Innes has written on the subject of his examination, at my request, for his explanation.

72. What is the intention of this?—Mr. Innes explains the care with which he performed his duty. He was the officer to whom I intrusted the business of producing each voucher to Mr. Willis according to the list which Mr. Willis had initialled as correct.

73. This voucher is produced by Mr. Innes to show how readily any alteration or erasure would show upon this voucher?—Yes.

74. The suggestion is that if the original voucher had had other names inserted in place of the one the original bore the erasure would show on the surface by the destruction of the paper?—Yes.

75. Supposing I take this blue voucher, No. 1155776, made out to Mr. Archie for £16 16s. from the Education Department, and certified that the services have been rendered?—The Education Department certifies that it approves it, and sends it on to the Audit Office.

76. What do you do with it?—If there is no question arising as to the charge for the services the Audit Office passes the voucher.

77. Do you stamp it then?—Yes, pass it. It is initialled by the clerk, passed by the signature of Mr. Gavin, and goes back to the Treasury. The Treasury goes through the form of obtaining a bank order for the payment of the money necessary for the voucher.

78. Do you make a record in any of your books of Mr. Archie's name while that document is in your possession?—No.

79. Supposing I came to you twelve months after this transaction took place, and I was to say, "To whom was £16 16s. paid on Voucher No. 1155776?" How would you find to whom that money was paid?—I would go the Audit Office books, which show the services, the number of the voucher, and the amount of the voucher.

80. Could you tell me from that search to whom the money was paid?—Not from that. I would then turn up the original voucher receipted in accordance with the Public Revenues Act.

81. Then, when you turned up the original voucher, you could tell me from that voucher to whom the money was originally paid?—Yes.

82. But supposing in the meantime that this voucher had been taken out of the Treasury file and this other one substituted. What name is on this one?—Nairn and Sons.

83. But supposing you found Voucher No. 1155776 bearing the name of Nairn and Sons, would you not assume that Nairn and Sons had received the £16 16s.? Supposing you found this same voucher and same amount bearing this name, would you not certify that the person who received the money was the name of the person on the voucher?—I could not well do that unless—

84. Supposing when you turned up Voucher No. 1155776 for £16 16s. twelve months after it passed through your hands, if it bore the name of Nairn and Sons instead of Archie, would you not certify in the absence of any record in your books that Nairn and Sons got the money—would you not be governed by the name appearing on the voucher?—Yes, if I was satisfied by inspection of the voucher that there was no erasure of the original name, and that the Audit Office signatures or initials were on it, then in that case I should take the voucher to be the original genuine voucher.

85. Then, if instead of a series of erasures such as Mr. Innes suggested, a complete voucher had been substituted, the service being the same, the number being the same, the only alteration being in the name to whom the money was paid, might not that, in the absence of the name being recorded in your own books, lead you to certify that it had been paid to no other person than the one mentioned on the voucher? If a forgery had been practised in the initials and stamps—supposing that had been successfully done—would you not, in the absence of any record in the books of the name, certify that the money had been paid to the person who had never received it?—I should say this, that if a fraud had been successfully practiced, that it must be so; but I should say this, that no system in the world is protected against—

86. Would not the only means of detecting a fraudulent voucher such as I have mentioned be a comparison between the entries that were made from the original voucher in the various abstract-books of the Treasury Department to see whether there was a conflict between the name on the voucher and the entry in the Treasury abstract-books?—A successful fraud would extend to the alteration of those entries too.

87. Would not the alteration of a book entry, where it must be by means of an erasure and fresh writing, be more easily detected than if a completely new voucher had been prepared and substituted for the original voucher?—Yes, sir; and the entries in the Treasury books and the Defence books were specially examined by the Audit Office with a view to that very point.

88. Did not Mr. Willis urge, after he failed to discover the voucher he was looking for, that he should be personally allowed to inspect those book records?—He said no more than appears in the evidence.

89. Did not Mr. Willis for nearly an hour try to convince you of the possibility of fraud?—I should say that at the utmost he made those remarks or charges against the administration that I have already mentioned to the Committee—that these people would stick at nothing.

90. When you say that not a word more or less was said by Willis than appears in the evidence, does that mean that all he said, with the exception of that remark about these people, is absolutely recorded in that printed evidence that you have?—All the evidence he gave, certainly.

91. Did Mr. Willis not try to convince you on several occasions that it was possible to substitute a voucher?—I do not recollect it.

92. Do you not remember telling him that it was impossible because the signatures of the Audit officials could not be imitated?—I do not recollect that.

93. Did you personally see any of the Treasury officers about the inspection of their books during that inquiry?—It is quite possible, because I could not very well inspect their books without asking them. I do not recollect making the request.

94. Did you ask the Treasury officers whether Willis could see their books, and did they refuse Willis, to see their books as a result of your making such inquiry?—I do not know that. Nothing more passed with regard to his request to see the entries in the books than is in the evidence.

95. When you declined to let Willis see the Treasury books, did he not urge you in justice to himself and the other men to personally examine the Treasury books yourself?—Not to my recollection. I am sure he did not, and it is not quite correct to say that I declined or that I did not decline.

96. In reply to Mr. Rutherford you said, "We go to the requisition to find the details." The requisition does not contain the name of the payee?—No. The requisition is really the Audit Office Record; we make up our books from the requisition. The requisition gives the service in the vote, the number of the voucher, and the amount.

97. Supposing the service which it was alleged was upon the voucher seen by the Christchurch Post-office officials had been prior to the 31st March, 1903, would your search have revealed the record to you—if the service rendered was for a date prior to the 31st March, 1903?—If the payment had been made in Christchurch by Treasury cheque, signed by the Postmaster, after the 31st March, 1903, the search would have disclosed it.

98. Would not the system in the audit have delayed it very much—they are very much delayed sometimes?—Sometimes they are delayed. I should say, generally speaking, there may be a delay of three or four months.

ROBERT JOSEPH COLLINS examined. (No. 3.)

99. *The Chairman.*] What is your occupation?—Assistant Secretary to the Treasury, and Accountant.

100. The inquiry that this Committee is now holding is in connection with a petition signed by various residents of Christchurch and surrounding district, asking that a public inquiry may be held into the elements of uncertainty regarding the Auditor-General's inquiry with reference to a voucher said to be in existence by Messrs. Willis, Larcombe, West, and Lundon. Can you give the Committee any information that would lead them to feel assured that as far as the Treasury is concerned the Auditor-General made a very full inquiry?—Yes, sir. I know that the Auditor-General sent down his officer to the Treasury, and that the books of the Treasury were placed at his disposal to examine. He examined those books connected with Defence matters and reported to the Auditor-General. That report, I believe, is attached to the printed paper laid before Parliament.

101. Were the whole of the books put before the examining officer from the Audit Department?—The whole of the books in the Treasury and any information he asked for was placed at his disposal.

102. Were any of the officers of the Treasury Department employed in his examination, or only the Audit Department?—The Audit Department only in the examination of Mr. Willis and the others. The Treasury had nothing whatever to do with it except to give evidence.

103. Have you any information to tender to the Committee with regard to the alleged voucher? Can you say to your knowledge that a voucher, either the alleged voucher or a voucher which may have been reasonably believed to have been that voucher, passed through the Treasury?—No, sir. I have already stated in my evidence that, from my own investigation of the Treasury books, no such voucher passed through the Treasury. In order to confirm this and make quite sure of it I examined the books of the Defence Department—that is, an alphabetical register—and took out from there a list of all payments made to Captain Seddon. I compared that with the list taken out from the Treasury books, and both agreed.

104. There was no voucher that passed through that might reasonably be mistaken for the alleged voucher?—No, certainly not.

105. *Mr. E. M. Smith.*] Would there be any system whereby the Treasury could trace if a voucher had been substituted for another? You were present when Mr. Taylor put his question?—Do you mean by substitution?

106. If there was a voucher substituted they would have to forge the initials and stamps?—Yes; it would have to be a complete forgery. If we were not looking for a forgery, you mean the voucher would come in and pass?

107. Yes?—I understand that might be so; but where you are looking for a forgery for the purpose of an inquiry they would examine it minutely, and see that the initials and stamps were correct.

108. Have you a system whereby you can trace to whom money has actually been paid a long time afterwards?—Yes; first, by reference to the voucher to see to whom the money was paid, and by reference to the Treasury books to see to whom the payment was issued.

109. *Mr. Rutherford.*] Has Captain Seddon, say, from the 1st November, 1904, been paid any sum at any time for any services outside his official salary?—I answer that question on the result of

my investigation of the books, that is, that Captain Seddon during a period of two years has only received, in addition to his salary, his travelling-expenses, sessional allowance, and a small sum, being balance of an amount due from South Africa.

110. What does the "sessional allowance" mean?—Every Private Secretary receives £25 for attendance on his Minister.

111. *Mr. Rhodes.*] All those payments referred to appear on your records?—Yes, that is so.

112. And if Captain Seddon had received the payment alleged, that would be on your record?—It would be on the record.

113. Did Mr. Willis apply to you to see those records?—Willis never spoke to me, and I have never spoken to him.

114. *Mr. Taylor.*] How does the Treasury distinguish between the Premier who signs "R. J. Seddon" and Captain Seddon, who signs also "R. J. Seddon"?—One voucher is made out in the name of "Hon. R. J. Seddon," and the other in the name of "Captain R. J. Seddon."

115. Then, when the Post Office officials say the voucher was made out in the name of "Captain R. J. S. Seddon," it would be correct?—Probably it would be right. I know of no voucher that does not bear its proper title. In some cases the voucher may be for "R. J. Seddon, Captain," or "Captain R. J. Seddon."

116. Would the Treasury always omit to put in the three initials?—The vouchers would be "Captain R. J. Seddon."

117. Always?—I would not answer that question right off, but I can say that every receipt given by him since 1902 is signed "R. J. Seddon," and sometimes he adds "Captain."

118. Is not that practice of father and son signing their names the same likely to lead to confusion?—The examining clerk knows the signatures. In the case of the Right Hon. the Premier the money is paid to his credit, and in the case of the son it is always paid to himself.

119. You obtain the Premier's signature?—No; the bank signs as the agent.

120. You said in reply to Mr. Rhodes just now that this sum of money was not paid to Captain Seddon during the last two years—do you suggest that it could have been paid before that?—Not at all.

121. Has any search been made as to whether such payment was made before March, 1903?—All payments made to Captain Seddon since his return from South Africa have been turned up, but as this inquiry only extended from the 31st March, 1903, to the 30th June, 1905, only vouchers for that period were produced. On his return from South Africa he received his balance of pay.

122. Supposing this payment had been made for services rendered three years ago, how do you file the voucher, according to date of payment or date of service?—According to date of issue from the Treasury.

123. How many books in the Treasury contain a record of the name of the payee of public money?—There are two in the Treasury.

124. What are they called?—One is called the "Abstract Book," in which all the particulars are entered, and the other is called the "Address Register," showing the number of the cheque, the name of the claimant, and his address.

125. How long would it take you to ascertain, supposing a question is raised dealing with a payment made to Captain Seddon—how long would it take you to search your records and make yourself satisfied?—A payment under the Defence vote for examination of stores could be done in an hour or an hour and a half.

126. When you were recommended to do this first, did you consult the Secretary to the Treasury.—The Secretary to the Treasury handed the document to me to make the examination. Instructions from the Minister came to the Secretary, and were then passed on to me.

127. If Mr. Heywood said the reason why he did not sign the certificate was because he was not at the office in time, was that correct?—That is quite correct, and I might explain. The request came down a little before 1 o'clock midday, and Mr. Heywood had not returned to the office by half past two, when the House met, and that was the reason it was signed by me. Mr. Heywood would have signed on my certificate.

128. Did you make the investigation, or the clerk?—The clerk in charge, Mr. Vincent, made the investigation. I subsequently made an investigation myself before the Auditor-General's inquiry.

129. There is no record of that in the evidence?—Yes; in my evidence I say that I personally examined the books in order to verify my certificate.

130. How do you preserve a record of the vouchers that should come back to you from the various Postmasters—supposing a voucher did not come back?—We have what we call a "Voucher Book," and the numbers are set down there in numerical sequence, and as the vouchers come in they are ticked off in this book. If a voucher is absent, application is made to the countersigning officer within a month or six weeks for its return.

131. Supposing a faked voucher was seen by these men and they returned it to the Paymaster-General at Wellington, what would become of it?—It would be handed to me, and I should bring it under the notice of the Secretary, and the inquiry would be made.

132. Did anything of the kind ever happen?—No.

133. *Mr. Fisher.*] I notice in the certificate which you gave that the Treasury officials were careful always to say that there was no record of a payment to be found?—Yes.

134. That may mean that a payment may be found, but no record can be found?—We mean that there has been no payment made when we say that.

135. Would you have a record of such payment if it was made out of a separate fund: supposing such payment was made out of Lloyd's Patriotic Fund, would you have any check on it?—Yes; we should have the same check, and these accounts have all been searched.

136. It could not be made out of any suspense account?—No.

137. Who has been Under-Secretary for Defence since January, 1904?—Colonel Porter.

138. Do you know what his dates were?—No, not for certain. I know it was some time towards the end of 1904.

139. When Mr. Grey, in his evidence, says that if such a voucher went through he was bound to see it, he had probably overlooked the fact that Colonel Porter might have seen it?—No, as every voucher may have passed through his hands.

140. Is the statement of Mr. Willis and the other officials correct that there is a distinction between Railway vouchers and vouchers of other Departments—blue and white?—Railway vouchers are on white paper, and so are those of many other Departments.

141. There is that distinction—there are two different kinds of vouchers?—There are several different kinds of vouchers. Here is a Police Department white voucher, a Public Works Department white voucher for urgent payments, also a white voucher for ordinary payments for stores; Lands and Survey Department use a white voucher. The ordinary blue voucher is the Treasury Department voucher for general use. The Departments adopt their own voucher with the permission of the Treasury. The buff-coloured voucher is for Railway payments out of imprest, and there is a Railway white voucher for wages and Railway salaries. The Railway Department is not the only Department who use white vouchers.

142. Does the Defence Department use a white voucher?—I cannot really say definitely, but as a rule it is a blue one. I cannot swear to it. A blue voucher is generally used by the Defence Department.

143. Do you know if Mr. Warburton examined during that search to see if the payments in those vouchers were all addressed to their destinations, because if one was down for a payment he did not receive that would at once prove that a voucher had been substituted or not?—The vouchers were examined by the Audit officer, who can recognise whether vouchers are genuine or otherwise. A Treasury or Audit officer would not pass a “faked” voucher if they were examining them to see if the payment was made. It might pass through if he was not looking for a fraud, but it would not if he was looking for it.

144. Has the Auditor-General access to all your books at any time?—When and at any time he requires it.

145. In transmitting vouchers from Wellington to Christchurch do you send a covering letter with them?—No, we do not.

146. And when you receive vouchers back from Christchurch you do not receive any letter?—No.

147. Supposing a voucher was lost in transit either way?—A duplicate is prepared.

148. How would you know it was lost?—Well, if it was in transit down, the cheque would be presented by the claimant, and the Postmaster would report that he held no voucher, we should reply that we sent him one on a certain date, and instructions would then be given for getting a duplicate voucher and sending it to him. If it is lost coming back we send a duplicate voucher for the receipt, and obtain the acquittance of the claimant.

149. *The Chairman.*] Marked “Duplicate”?—Yes, marked “Duplicate.”

150. *Mr. Fisher.*] By this time the man has received the money?—Yes, he has received the money.

151. And you hold no receipt for it?—We hold no receipt for it if the voucher is lost. I should like to state that Mr. Willis said in his evidence this: “Then Mr. Collins refers to the many records of such payment, but he would not allow me to see one of them.” But I did not speak to Mr. Willis, and could not have had the refusing.

(Put in as evidence by Mr. Warburton, 18th October, 1905.)

MR. WARBURTON.

I beg to hand you the following comments upon Mr. Willis's evidence before the Public Petitions Committee, which you asked me to read for that purpose:—

Mr. Willis, on page 3 of his statement to the Committee, 27th September, 1905, rather confuses facts. He says, “When I first went to look for this voucher in the first instance I knew it existed and I expected to find it, but after further examination things began to change, and we found we were looking for an illegal payment. . . . Later on the complexion of the whole thing changed because Mr. O'Sullivan and Mr. Grey gave evidence to the effect that the service was not performed. . . . We were not then looking for an improper payment or suspicious payment, as we imagined, but a fraudulent payment, and therefore the inquiry that we had gave us no opportunity of establishing such a thing.”

Now, at the time Mr. Willis was making the principal examination of the vouchers—that is, searches Nos. 4 and 5, lists D and E—neither Mr. O'Sullivan nor Mr. Grey had given evidence, and it does not seem probable that Mr. Willis was in a position to know what evidence would be given.

Further down on the same page these words occur: “In the Auditor-General's books the only facts that are recorded are the numbers of the vouchers and amount of payment.” This is incorrect, for, in addition, there is a very important item—namely, the vote to which the service is charged.

On the same page, near the bottom, he says, “Now, I begged particularly to be allowed to see the records in the Treasury and other Departments which gave the particulars of the services rendered, and also the names of the payees.” This was not granted, and, I take it, for the reason that you had instructed me to make a very careful examination of the Treasury Abstract Books

and the Defence Department's Alphabetical Register of Claims, which I had done (searches Nos. 11 and 12). The scrutiny of these records was close, and on the following lines: I took every entry in rotation, and noted the payee's name, services rendered, and the amount of claim, and, further, looked for any erasure or obliteration, but found no payment to Captain Seddon for reorganization of Defence Stores or to any one else, and no payments to Captain Seddon—except for salary or travelling-allowance—none of these amounts being for more than £20 or in excess of amounts to which he was legally entitled; nor did I find any erasures or obliterations, and I can only suppose that you, being satisfied with my reliability in the matter, could not see the necessity for extending the privilege to Mr. Willis, who, after all, was not conducting the inquiry, but yourself.

Page 4, sixth line down: "His officers commenced the search with the idea that I had, to a certain extent, cast a slur on their Department, and that their Department was under suspicion of having allowed a fraudulent payment to go through unchecked." This is not so. In the first place, I was the only officer of the Audit Department with whom Mr. Willis had anything to do during his examination of vouchers; in the second, he was not with me when I did commence, for searches No. 1 (List A), No. 2 (List B), and No. 3 (List C) were completed before he was associated with me in search No. 4 (List D), and I should like to state that at no time during the three weeks I was engaged on this inquiry was my examination in any way perfunctory. It will be seen that a great deal of ground had been covered in the first three searches, No. 1 establishing the fact that no payment had been made anywhere in the colony out of any of the Defence votes to Captain Seddon or any one else for the "reorganization of Defence Stores" by means of a Treasury cheque on the Public Account. No. 2 proved the same facts with reference to payments by imprestees of all sums of £70 and over. No. 3 showed that no payment of between £70 and £80 had been made in Christchurch through the Chief Postmaster for the reorganization of Defence Stores. And, thirdly, the question of a fraudulent voucher did not arise until long after, and then it was Mr. Willis himself who suggested it, and I do not know if the question of the Audit Office lying under suspicion occurred to you—it did not to me—until I read Mr. Willis's evidence before the Public Petitions Committee.

Page 5, last line but one, he says. "Well then, again, I asked, as I have stated, for the Treasury books and for other records which would give particulars in full of the voucher in question." To what end? Mr. Willis seems to assume that he was holding the inquiry, and not yourself. Further, there is an apparent suggestion that the Audit Office was not competent to examine the records of payments in the Treasury and Defence Departments' books.

Page 6, thirteen lines down: "But his" [the Controller and Auditor-General's] "inquiry would not have satisfied the House of Representatives if they had known exactly what the inquiry was—they would not have been satisfied with his opinion." Mr. Willis was not in a position to know what the inquiry was, and he seems to think that his examination of the vouchers, produced for his inspection, was the most important, whereas it was not so by any means.

Page 6, fifth line from bottom, Mr. Willis says, "I pointed out to him" [the Controller and Auditor-General] "that in my examination of the vouchers in the first place I had erred through over-confidence." I wish to say that if Mr. Willis did so, I did not, and one of the points I did look for was anything in the nature of erasure or tampering with the particulars on the vouchers.

Page 7, in answer to a question by the chairman, Mr. Willis states, "I believe a way in which the Auditor-General's inquiry could have been proved abortive was by the temporary substitution of a voucher, or the voucher might have been tampered with, the particulars of the name and the particulars of the service might have been altered." Mr. Willis here makes a statement which, possibly, he does not realise amounts to neither more nor less than a charge of collusion between the Treasury, Defence, and Audit Departments, because to substitute a voucher means that the voucher would have to be for the same amount; the Treasury number would be duplicated; the vote charged would have to be the same; the Audit stamp affixed, and the initials of the Assistant Controller and Auditor (Mr. Gavin) obtained, besides the signature of the approving officer and the officer certifying the correctness of the claim. To tamper with a voucher in the direction of altering the particulars and the name is impossible without certain detection, for this reason: The ordinary blue contingency form for claims is a paper of such a character that any erasure shows at once like fluffy blotting-paper, and it will be seen from this specimen, with the particulars, &c., written in with a fine pen not requiring heavy erasure, how noticeable it is, and how impossible it would be for any one to fail to notice it, and the more so when that was one of the points the Audit examination was particular about. [Specimen put in.]

Page 14, 11th line down: "Then we come to the fact that Mr. Grey states that certain records, certain books of account, and the requisition of records have been searched, but they would not allow me to search them, they would not give me any opportunity of seeing them, but only the things that would establish their case." The Audit Office had examined them as per search 12, and this would appear to be a direct insinuation that the Audit Office was burking the inquiry and in collusion with the Treasury and Defence Departments.

Page 15, 5th line down: ". . . it was placed on record that this voucher was of a peculiar character, and that it would have to pass through so many hands that one of those clerks are sure to have noticed it. There was nothing in the complexion of the voucher we saw that would draw any one's attention to it unless they handled it carefully and checked over the items as Larcombe did." This is merely assertion, and not very convincing, for Mr. Larcombe would not have to check over every item, for the simple reason that the Chief Postmaster at Christchurch is merely the countersigning officer for the Treasury, and so soon as the voucher is signed it is complete, and nothing further has to be done with it except to file it for return to the Treasury, whereas the voucher in passing through the Treasury alone would probably go to six or seven, or possibly more, officers, whose examination would be a great deal closer than Mr. Larcombe's could possibly be, and, further, why had Mr. Larcombe "to examine every item of that voucher carefully"?

Page 16, 10th line from bottom: Referring to my report to you Mr. Willis says, "He (Mr. Innes) also talks about having my assistance at certain searches." I do not. Mr. Willis was of no assistance to me unless he is under the impression that the method of abstracting the voucher numbers and amounts from the Post Office record-book of vouchers was assisting, but that was done in the manner described to satisfy Mr. Willis that every voucher shown for certain amounts was taken down from the book—the book by which Messrs. Willis, Larcombe, and West were content to stand as a correct record of all vouchers that passed through the Christchurch Post-office.

Page 16, 9th line from bottom: "I am quite certain from the manner Mr. Innes conducted the searches with me that he had no opportunity of telling whether the vouchers were genuine or not. The examination was cursory, and did not last any time, and I am quite satisfied he could not tell, and, in fact, he went about the search in a manner which showed that he considered he was looking for a will-o'-the-wisp, and also that we had to some extent cast a slur on his Department." In connection with this very sweeping assertion—which is only assertion, and not fact—I should like to deal with it in detail. A reference to List D (which was search No. 4) will show an abstract from the Post Office Book of all amounts £70 to £100. The method was this: I called the number from the list, and the voucher of corresponding number and amount was produced by the Treasury officer for the inspection of Mr. Willis and myself. He was not hurried in any way in his scrutiny; and that my examination was not cursory is proved by a reference to my List D, where the rough notes of the vote charged, to whom paid, and for what services, will be found, and I am sure it will be admitted that there could be no superficial examination where practically the whole of the vital parts of the voucher are copied on to the list. It will be observed that some amounts have no particulars noted against them. These will be found in List C (search 3). This list was completed before Mr. Willis was examined, so that it will be seen that I viewed a portion of the vouchers twice—viz., Voucher 88789, 1903–4, to 61477, 1904–5. Mr. Willis asserts that the examination "did not last any time." We were for upwards of nine hours upon this examination, and, roughly, the time for each voucher, allowing ample margin for delay in obtaining the vouchers, would be about a minute and a half per voucher, surely sufficient for a careful scrutiny. Mr. Willis ticked off my list to Voucher 84965, and then on a typewritten list of his own. Searches Nos. 5 and 7 (Lists E and G) were conducted on exactly the same lines, except that I did not extract the particulars as in search 4, you being satisfied with my examination. The time taken on these searches was in the same ratio. These are the facts, and I know of nothing that I said, or anything in my manner, that should warrant Mr. Willis in imputing carelessness in my examination—that I felt I was looking for a will-o'-the-wisp, or that I felt he had cast a slur on the office.

I now come to a somewhat personal matter, and one which I approach with some diffidence. Mr. Willis evidently seeks to make capital out of a harmless expression I made use of—admittedly slang—but I think quite permissible under the circumstances. On page 17, ninth line down, he says, "I found I had so little chance of getting anything from Mr. Innes's search that I found it necessary for me to tell him the strength of our case. After the first two days it was getting serious; we could not find the voucher that we had seen, and I told Mr. Innes and laid the whole case before him from the point of view of we four men . . . and all I could get out of Mr. Innes was that 'I was getting a pretty good run for my money.'" These were not exactly the words I used, but they are near enough. Mr. Willis is quite correct in saying that he laid the whole of his case before me, to which I listened courteously, but I saw what he apparently did not, that it was no part of my duty to express any opinion on the merits or demerits of it, and, moreover, he was anxious to know what other sources of check I had on payments made out of Public Account. This I did not consider he was justified in asking for, or at all events from me. Evidently he misjudged my motive, which was that of impartiality, and doubtless thinking I was not sufficiently impressed with the gravity of the case, he treated me to a rhodomontade which, to say the least of it, was of a strong political nature, and some assertions which had been better left unsaid. It was then that I made use of the expression which he seems to take such exception to. He—according to my reading of his evidence—seems to lead the Public Petitions Committee to believe that I spoke with levity. I did not. I was quite serious, and still think he did "have a good run," but I had no intention of being involved in a discussion of a question into which he imported political matter of a decidedly incendiary character, and did not discuss it with him. Then, I submit, Mr. Willis was lacking in a sense of proportion when he stated that "All I could get was that I was 'getting a good run for my money,' which was what I would not have expected if I had gone before a judicial inquiry"—in view of the fact that I was not holding the inquiry, but doing my best, under your instructions, to give him every assistance in the examination of vouchers paid through the Christchurch Post-office, and recorded in the voucher-book kept in that office. Up to this point, and even later, he evidently thought he "was getting a good run" for he puts it in evidence on the 23rd August, after his examination of vouchers was finished. "I feel that you" [the Controller and Auditor-General] "and Mr. Innes have been exceedingly kind, and have assisted me to the very utmost. I believe you have done everything in your power to satisfy me."

In summarising briefly the evidence of Mr. Willis, both in his statement of case and in cross-examination, there is one point I should like to lay particular stress upon, and that is he constantly reiterates the assertion that he was not given the opportunity to test the reliability of records of payments made by the Treasury and Defence Departments. By inference this throws grave doubt as to the capability of the Audit Office, and more particularly myself, to make an honest, impartial, and careful search. I would respectfully submit that Mr. Willis was not qualified—entirely through lack of knowledge—to give any opinion as to my capability, for the simple reason that he did not know along what lines the search had been made, nor did he know that an examination had been made with a view to checking the possibility of a substituted voucher. This was done by

searches Nos. 1, 6, and 8, which covered every payment out of Public Account of £40 to £100, and charged to any vote under the administration of the Defence Department anywhere in the colony; so that if there had been even a temporary substitution of a voucher of a similar amount to a different payee it would have been discovered at once. On the other hand you were apparently satisfied, through my long connection with the Audit Office—upwards of seventeen years—and from your own knowledge of the manner in which my work is done, that I was to be trusted to make a searching and honest examination of all records which could possibly throw any light on the subject. To show that the search was careful, I desire to point out that I was occupied for three weeks, to say nothing of night-work, upon this inquiry—my own work having to fall in arrear—and it is obvious that what Mr. Willis seems to consider the most vital part of the inquiry—*i.e.*, the payments through the post-office—was really the least so, and occupied from four to five days out of twenty-one spent in checking the possibility of a payment having been made.

14th October, 1905.

D. C. INNES.

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