

assume did not appear; but one thing was evident, that several members were annoyed by the position we had taken. But we could not say what position we would take until the evidence should be disclosed; and I think the evidence given to the Committee during this inquiry shows that the position we took up was the only one that was tenable, seeing that we were accusers, so far as the contractors were concerned, and, in some sense, defendants, so far as the Government officers were concerned. I will now put three simple issues to the Committee for their consideration, and will endeavour to group the evidence affecting these issues: 1. Has a system of overcharging, both as to weights and prices, been carried on under this contract, and has this been done to the knowledge of the contractors? 2. Have the officers in the Government service overlooked the overcharges so made, or have they taken the proper steps to detect or discover them? 3. To what extent, if any, has the public revenue been defrauded? Now, it must, I think, appear to the Committee that a system of overcharging was carried on; that is evident, and I need not dwell longer on that point. As to the second point, the Committee must find, as I take it, that it has been done with the knowledge of the contractors. As to their responsibility, whether their knowledge is proved to be actual or implied, it comes to the same thing. They cannot shelter themselves under the plea that Jenkins, a dismissed servant of the contractors, was principally responsible for the overcharges, because I take it that Jenkins, when he was employed, was a servant of theirs, his principal duty was to make these entries and to send these accounts to the Government. Therefore, as he was acting clearly within the scope of his duty as their clerk, as their servant, the contractors as principals are liable for his acts. Although they dismiss him afterwards, if while he was in their employment he did certain acts within the scope of his authority, they are responsible. The Committee have to consider whether the principals in this case were aware of what was going on. It all hinges on that point: "Did the principals know that this system of overcharging was going on?" As to Mr. MacNeil, I think the Committee must be satisfied that he was not aware of it. But the question is otherwise with Mr. Gellatly. The Committee have seen Mr. Gellatly here—a shrewd observant man of business, the managing partner of this large business, and they will say whether it is likely that he merely looked into the contract sales journal occasionally from curiosity or whether he would be likely to look into it for the ordinary purposes of his business. But, if we take his own words, we find that he said that when Jenkins was employed he left the entries to him and "took no supervision of the contract journal;" still, he must be considered as having a knowledge of what was going on. It is incredible that a man having the supervision of such a large concern should know nothing of what was going on. How was it that such a man could allow his clerks to trust entirely to the Government check? Did he know nothing of the process of "calling back?" He says that "he looked upon the contract sales journal as a rough book, only entered up once a month;" it is quite evident that he looked to the Government officers to correct the accounts as rendered. In view of the evidence, I ask the Committee to say whether Mr. Gellatly was aware of what was going on. Mr. Gellatly has been good enough to charge others with complicity in this matter, and even suggested that Mr. Ibbetson was in collusion with somebody. It is true that his counsel explained that he did not mean this in a sinister sense. But, if it was not meant in a sinister sense, what is the meaning of "collusion?" If it is not to be taken in a sinister sense, then there is no complaint. Now, I will read Mr. Ibbetson's letter, and I ask the Committee to consider whether the man who writes this letter was likely to be in collusion with any one as to these overcharges. Mr. Ibbetson's letter read:—

"MEMORANDUM.

"Department of Lands and Survey, 27th May, 1895.

"A SAMPLE tent and fly taken from those supplied by you to A. C. Turner, Danevirke, have been received, and is not according to contract. You must have been perfectly well aware of this when sending the tents, and your action in this matter is unaccountable.

"The tents were urgently needed, and had to be used to shelter the men, or they would have been returned. As it is, I return your voucher, and decline to pay anything like the contract prices for these inferior goods.

"GEORGE R. H. IBBETSON (for R. S.)

"To Messrs. Briscoe, MacNeil, and Co., Wellington."

In reply to that letter Mr. Ibbetson received the following:—

"MEMO. to Mr. G. R. H. IBBETSON, Lands and Survey Department, Government Buildings.

"DEAR SIR,—

"Wellington, May 28th, 1895.

"We return your memorandum of the 27th, and have to ask you to eliminate the objectionable paragraph therein, to enable us to discuss the matter of tents supplied.

"Yours, &c.,

"Per pro Briscoe, MacNeil, and Co.,

"A. W. GELLATLY."

I ask the Committee to consider that Mr. Ibbetson is about the last man that would be likely to be in collusion, or that he could descend to anything of the kind. On this issue I must ask the Committee to find that the managing partner of this firm had a knowledge of these overcharges. It is impossible, in the face of the vouchers that were corrected and of the constant correspondence that took place, to think otherwise. The conversations that took place between the departmental officers and the firm must have shown that the contract was not being carried on in a satisfactory manner. I ask the Committee whether they think it is at all likely that a gentleman in Mr. Gellatly's position would not take an opportunity of looking into these matters, and seeing whether there was any truth in the statements that were constantly made. Then we come to the question