FRIDAY, 25TH OCTOBER, 1901.

JAMES EWAN SMITH in attendance and examined. (No. 4.)

1. *Mr. Guinness.*] What is your position?—I am a permanent clerk in the Treasury.

2. Do you remember taking debentures to the Controller and Auditor-General about the 15th August to countersign?—I took none. The Secretary to the Treasury desired me to go up to the Controller and Auditor-General to get his countersignature to debentures. I went up on the afternoon of the 15th August. As near as I can fix it, I think that date is right. On the afternoon of the 15th the Controller and Auditor-General told me he was not prepared to sign them then.

3. What time in the afternoon was that?—About 3 o'clock. I went back and told my chief I had no doubt the debentures would be signed, as there was no objection taken to them. I went up again on the morning of the 16th. They were ready to be signed, when the Auditor-General took up a debenture and compared the wording with the Aid to Public Works and Land Settlement Act, and found on the face of the debenture that the words "Consolidated Fund" were used instead of "Public revenues of the colony," as laid down by the Act. He said he would write to the Secretary to the Treasury and let him know that he would decline to sign the debentures. He wrote to that effect on the evening of the 16th August. That is all I know.

*Mr. Warburton:* I do not want to ask the witness any questions; but I should like to inform the Committee that I have here a notice from the Public Petitions Committee, dated the 13th August, requiring my attendance before the Committee at 10 a.m. on the 15th August. I attended that Committee, and did not leave these buildings until after 1 o'clock. It was only in the afternoon, after luncheon, that I arrived at my office, and I then found lying on the table the debentures, and the Governor's Warrant directing me to countersign them. I put in this paper, as it confirms my recollection of the matter. It would be impossible for me, under these circumstances, to make any arrangements before between 2 and 3 o'clock, or do more than I did. I informed the Secretary to the Treasury that it was too late that day to countersign the debentures.

4. *Rt. Hon. R. J. Seddon* (to Mr. Warburton).] This is a correction of your evidence previously given when you said you had not seen the clerk from the Treasury until the morning of the 16th August?—What I said in my previous evidence was that the Secretary to the Treasury sent in a clerk between 2 and 3 o'clock on the afternoon of the 15th, and arranged that he should come in on the morning of the 16th and attend me when countersigning the debentures.

5. *Mr. Graham.*] Why was it too late on the afternoon of the 15th to countersign them?—There were about six hundred debentures to be checked and countersigned.

6. *Captain Russell.*] They would have to be recorded?—Yes; but it would only take about twenty minutes to do that. The mail was to close at 2 o'clock, but if the Treasury had reported that the matter was of any urgency the Audit Office would have worked overtime in order to get the thing done. The fact that the debentures were left on my table during my absence seems to me to show that there was no great urgency. When there was no special demand that they should be countersigned I did not assume that they were urgent.

7. *Mr. Graham.*] You did not see them when the messenger brought them on the 15th?—I did not see them until after luncheon, after I had attended upon the Public Petitions Committee. I took them up and walked down to the Treasury, and said, "I think these are too late."

8. You had had no instructions that they were a matter of urgency?—No. As far as I recollect, it was said when I went down that it was a pity they were too late.

9. *Rt. Hon. R. J. Seddon.*] To whom did you say that?—To Mr. Heywood.

10. (To Mr. Heywood:) Did he speak to you?—[*Mr. Heywood.*] I was astonished to hear him say he spoke to me. I am pretty well convinced in my own mind that he did not see me; but, of course, my memory may be at fault.

11. *Mr. W. Fraser.*] Why did your clerk go back to the Audit Office on the 16th?—I suppose, because it was too late on the 15th.

12. Did the clerk inform you that Mr. Warburton said it was too late on the 15th?—I do not recollect.

13. He says he reported to his chief: who is his chief?—I am. He may have told me, although I had an idea that I was away when he got back. It is impossible for me to remember everything of that kind which took place at this distance of time. I do not pretend to remember everything that took place at the time. The statement, however, was made to me that the debentures would be signed, and I distinctly remember telling the Colonial Treasurer it was all right, that they would be countersigned. That impression could only have been conveyed to me by the clerk after he had taken the debentures to the Audit Office—by his telling me that he had taken the debentures to the Audit Office, and was under the impression that they would be signed.

14. *Mr. J. Allen.*] After he had reported to you?—I told you I do not remember whether it was on that day or on the morning of the 16th. He told me some time, but I think in the first instance of his coming back I was away. After I had sent him to the Audit Office with the debentures I had gone away with the impression that they would be countersigned. Whether that occurred after he came back or not I do not pretend to recollect.

15. *Mr. Guinness.*] You heard Mr. Smith say he did not take the debentures to the Audit Office?—I dare say it is so. It might have been another clerk. I do not recollect.

16. *Rt. Hon. R. J. Seddon.*] Are debentures knocked about like so much waste-paper that they would be left lying about on the table of the Controller and Auditor-General?—Certainly not. I think it could be ascertained who took them up.

17. *Mr. Graham.*] How did they get on the table of the Controller and Auditor-General?—I should like you to ask the Accountant. He would have the management of that part of the business.