

we deducted those overpayments. I would like to point out that, as far as the Imperial Government is concerned, we have no desire to take off anything but what is just and proper, and we wish to have the matter amicably settled. So far as the overpayments are concerned, I had instructions to pass the voucher for £102 13s. 4d., but in going into Lieutenant Clark's case I found that there were certain overpayments which are inadmissible by the Army Council. Lieutenant Clark left Durban on the 9th July, 1902, receiving forty days' pay in advance granted to members of oversea contingents, the forty days expiring on the 18th August, 1902. On arrival in New Zealand on the 8th August, 1902, he was granted thirty days' furlough, dating from the 19th August, 1902 (date after expiry of forty days' advance), to the 18th September, and he was paid at captain's rate, 15s. per diem. That was granted to New-Zealanders on their arrival at home in New Zealand.

2. *Mr. Taylor.*] At what rate?—Captain's rate. Lieutenant Clark commenced duty at the Commandant's office, preparing discharge certificates, &c., for his contingent from the 12th September to the 7th October, 1902, and did other work from the 8th October, 1902, to the 28th February, 1903; but as he had already received furlough-pay for the period extending from the 12th to the 18th September, 1902—seven days at 15s.—a sum of £5 5s. was struck out of his amended claim for £102 13s. 4d. As you are aware, the Imperial Government do not pay for the overlapping period—that was, seven days at 15s.—and therefore we had to strike that amount out of the claim. That accounts for the £5 5s. The next item is "Overpayment on New Zealand furlough." Lieutenant Clark was granted thirty-one days' furlough at 15s. per diem, being a captain's rate. We received a letter from the War Office, dated the 27th February, 1904, disallowing Lieutenant Clark's promotion to captain's rank. The Army Council would not agree to the promotion, so the sum of 4s. per diem had therefore to be deducted from his claim, this being the difference between lieutenant's and captain's rates granted for New Zealand furlough. Therefore, we had to deduct thirty-one days at 4s., which accounts for the £6 4s. being deducted off Lieutenant Clark's claim. Now, with regard to the gratuity 60lb payable to New Zealand officers: Lieutenant Clark received this gratuity assessed for the period of New Zealand furlough, and also for the period whilst preparing the King's Medal rolls, &c., in the Commandant's office. A letter from the Army Council, dated the 19th May, 1903, and addressed through the Agent-General for New Zealand says: "You will be good enough to direct the particular attention of your Government to the fact that the gratuity under article 60lb of the Royal Warrant for pay, &c., is not assessable on the period for which officers were paid furlough-pay in New Zealand." A War Office letter of the 30th May, 1903, says, "Officers claiming the gratuity must have actually served satisfactorily for the full period required of them in South Africa, and must have drawn pay from Army funds—the dates between which they drew such pay in respect of their South African service determining the period upon which the calculation of the gratuity is based." This practically means that the gratuity cannot be assessed after expiry of forty days oversea pay, which was paid to Lieutenant Clark. This does not apply to furlough-pay granted to officers on their return to New Zealand. In addition to the sum of £44 13s. 2d. deducted from the claim, there is therefore a further sum of £8 9s. 11d. in consequence of this to be deducted from Lieutenant Clark's claim, being 60lb gratuity assessed and claimed for on account of New Zealand furlough. Owing to our paying this 60lb gratuity for the New Zealand furlough, we shall have to deduct it from the claim of £102 13s. 4d. I think those are the amounts that have been deducted on behalf of the Imperial Government from the claim.

3. *Mr. Hall.*] There is no £8 mentioned?—When we were dealing with Lieutenant Clark's claim we took off the deductions which were inadmissible by the Army Council, but since making those deductions there is still a further deduction to make, and you will find it set out in a further memorandum to Lieutenant Clark. The Army Council has since disallowed this amount.

4. *The Chairman.*] Was this deduction intimated to Lieutenant Clark?—No. It is since we sent the papers Home that this has been discovered. 60lb gratuity was paid to Lieutenant Clark for his New Zealand furlough, and it is not allowed by the Army Council. That covers the still further deduction of £8 9s. 11d.

5. How did you arrive at this discrepancy—how was it discovered?—On the 19th May, 1904, the War Office Army Council sent to the New Zealand Government a communication, of which this is an extract: "Request that you will be good enough to direct the particular attention of your Government to the fact that the gratuity under article 60lb of the Royal Warrant for pay, &c., is not assessable on the period for which officers were paid furlough-pay in New Zealand."

6. *Mr. Taylor.*] Did the two furloughs overlap?—This extra gratuity of £100 a year, or for a portion of the year, for serving with the New Zealand contingents was not assessable.

7. *Mr. Hall-Jones.*] Practically, while on active service?—Yes, and for any portion of a year so count. Supposing a man serves eighteen months, he receives eighteen months' pay at the rate of £100 a year. That is apart from his pay, and is a gratuity.

8. *Mr. Taylor.*] That only applies to active service, and not while he was in the employ of the New Zealand Government?—Yes, while he was on active service.

9. *The Chairman.*] You have dealt with the whole of the deductions up to date now?—Yes.

10. And that £8 9s. 11d. was not submitted with Lieutenant Clark's papers to the Imperial Army Council?—No, because a letter was received giving us information to the effect that the New Zealand furlough is not assessable for the 60lb gratuity.

11. *Mr. Taylor.*] Does the Imperial Government pay the gratuity and also the furlough-pay?—Yes.

12. They pay the lot?—Yes.

13. What portion of the money Captain Clark is claiming really falls upon this colony?—None whatever.