

1857-8.

VICTORIA.

McGREGOR'S CASE.

REPORT

OF THE BOARD APPOINTED TO ENQUIRE INTO THE DEFALCATIONS OF
McGREGOR, LATE CLERK IN THE OFFICE OF
THE PAYMASTER OF POLICE;

TOGETHER WITH

MINUTES OF EVIDENCE, ETC.

Ordered by the Legislative Assembly to be printed, 6th January, 1858.

By Authority:

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Melbourne, 3rd November, 1857.

Sir,

I have the honor herewith to forward the Report of the Board appointed to examine into the defalcations of McGregor, late clerk in the office of the Paymaster of Police, together with the various documents relating thereto, to be submitted to His Excellency the Governor.

I have the honor to be,

Sir,

Your most obedient servant,

EDWARD GRIMES,

Chairman.

The Honorable the Chief Secretary, &c., &c., &c



REPORT.

THE Board appointed to investigate the circumstances relative to the embezzlement of certain monies by one McGregor, recently clerk or accountant in the office of the Paymaster of Police, have the honor of presenting their final Report for the consideration of His Excellency the Governor.

1. At the commencement of their proceedings the Board experienced some doubt as to the limit to which the investigation was intended to proceed, inasmuch as the letter of instruction forwarded to them by the Honorable the Chief Secretary was scarcely sufficiently explicit. After mature consideration, however, they arrived at the conclusion that the enquiry might be classified under three heads. *First*, Upon whom the responsibility was to rest of making good the defalcations caused by the dishonesty of McGregor. *Secondly*, To investigate and examine into the manner in which the books and accounts had hitherto been kept in the office of the Paymaster of Police, and to suggest any improvement that might occur to them with a view to the same being more efficiently conducted. And *thirdly*, To suggest the most effectual check that could be imposed to prevent the possibility of any similar defalcations occurring in future.

2. The Board, after having devoted many days of anxious and careful deliberation to the matter, having perused all the correspondence submitted to them (herewith returned), and having called for and examined all the evidence within their reach which would appear to throw a light upon the question, unanimously came to the following conclusion with regard to the first question, viz.:—That under the peculiar circumstances of the case neither the Chief Commissioner of Police nor the Paymaster could be, with justice, called upon in this instance to make good the deficiency caused by the dishonesty of their subordinate, no matter whether they had given security or had not; that it would be an extreme hardship if the officers who have been defrauded of their salaries, &c., should be the losers, more especially as the authorities which, in some instances have been given by them to Captain Mair, and in others to McGregor, to draw their pay on their behalf (See Appendix to Evidence, No. 21), must be looked upon not so much in the light of an authority as an instruction as to the best means of facilitating the transmission of the various sums of money to the several claimants with as little delay as possible—a matter of no trifling importance in a department with such extensive ramifications as that of the Police. The Board would therefore recommend, as the only satisfactory way of solving the difficulty, that the Executive Government should apply to the Legislature for a vote to meet the abovenamed deficiency, as was done during the recent session with reference to certain defalcations which had occurred some time back in the office of the accountant of the Survey Department.

3. The Board will now recapitulate, as briefly as possible, the reasons by which they have been actuated in arriving at the above conclusion:—

- (1.) At the very commencement of their investigation they felt somewhat embarrassed by the diversity of opinion entertained upon the subject by some of the highest legal authorities in the colony; on the one hand they found that Chief Justice Sir William Stawell, in summing up the evidence on the trial of McGregor, directed the jury in the following terms:—“If Captain Mair had given them (the cheques) to a person who was not trustworthy, then *he* was

Paymaster to Chief Secretary, 27th May, 1857, No. 57 | 3822;
also, Nos. 57 | 2116,
 57 | 3048, 57 | 2064,
 57 | 3203, 57 | 3202,
 57 | 3063, 57 | 3014,
 and 57 | 4155.

Attorney General to Chief Secretary, No. 57 | 0244, 30th Aug., 1857; *also*, Nos. 57 | 8331, 57 | 3848, 57 | 2601, & 57 | 2545.

Chief Commissioner to Chairman of the Board, 29th September, 1857, with enclosures.

Chief Commissioner to Chief Secretary, 10th August, 1857, No. 57 | 5013; *also*, Nos. 57 | 5709, & 57 | 3332.

Argus Newspaper: report of the trial.

accountable ; but if he gave them to a person who, on account of the importance of his office, was to be regarded, and from the fact of his holding a high and important office, *was* regarded as a trustworthy person, and part of whose duty it was to convey the monies to their proper destination, then that person was guilty under the indictment."

- (2.) The jury having returned a verdict of guilty under these directions, evidently entertained an impression that Captain Mair was not accountable. In that impression the then Attorney General, Mr. Chapman, is said to have concurred, as will be seen on reference to a letter from the Paymaster to Chief Secretary of the 27th May, 1857, No. 75, which is among the correspondence herewith returned.
- (3.) On the other hand, the present Attorney General, Mr. Michie, in writing to the Paymaster of Police, on 22nd May, 1857, says :—" I regret to state that the losses which you have been mentioning as occasioned by the embezzlement of McGregor fall upon you, and that the payment of the several gentlemen awaiting the receipt of their salaries or allowances should be made without further delay ;" and this opinion appears from the evidence of Mr. Weigall, (page 4) to remain unmodified.
- (4.) Again, the Board found, upon communicating with the Crown Solicitor, that McGregor had been convicted under a clause of the indictment for embezzling monies the property of the Queen ; and they consequently felt considerable doubt whether, as the Crown had already had its remedy against McGregor, his superior officers were not thereby absolved from legal responsibility, or whether the Crown could still proceed to recover the amount embezzled (in the same manner as if McGregor had not been convicted) from the Chief Commissioner or Paymaster of Police, as the case might be, by process of law.
- (5.) In the next place, the Board proceeded to enquire into a matter which they considered to be of primary importance, viz., as to whether McGregor *did* or *did not* hold an office of so high and important a nature as to be regarded in the light of a trustworthy person, and a part of whose duty it was to convey these monies to their proper destination in the manner laid down by the ruling of the Chief Justice, and endorsed by the verdict of the jury, and they came to the conclusion from the whole scope and tenor of the evidence presented to them, that he did hold such a position. It appears that for nearly five years McGregor had held the appointment nominally of clerk, but virtually of chief clerk and accountant in the office of the Paymaster of Police ; that during that period of time many hundred thousands of pounds had passed through his hands without any error being detected, or any dishonesty being suspected, until very recently, and that, consequently, he was looked upon with the utmost confidence by both his senior officers. It also appears that on the 29th April, 1856, instructions were issued from the Honorable the Treasurer to the Paymaster of Police, to the effect that from that time (viz., from the date when the advance of £15,000 for Police purposes was made) all cheques would require to be signed either by Captain Mair and Captain Mac Mahon jointly, or by Captain Mair and his chief clerk McGregor, or Captain Mac Mahon and the chief clerk McGregor ; and due intimation of this arrangement was given to, acknowledged by, and acted upon by, the banks in which the money was lodged. These letters by themselves would appear to furnish sufficient evidence that McGregor was looked upon by the Government as one of the financial and responsible officers of the Police Pay Department, and this view is amply supported by evidence from various other quarters.

Appendix to Evidence,
No. 1.

Appendix, No. 3.

Appendix, Nos. 4 and 5.

(6.) Captain Mair states in his evidence that since the month of November, 1856, the designation of his office was changed from that of Paymaster to that of Assistant Commissioner of Police, and that subsequently to that date (during the course of which nearly the whole of the defalcations occurred) McGregor was constantly and officially addressed by the head of the department as the accountant. Attached to this Report will be found a schedule which the Board caused to be drawn up, shewing the various items of which the aggregate of the defalcations was composed, comprising among other items a sum of £903 6s. 8d., being for payment to officers of Petty Sessions. Now it appears from the evidence of Mr. Weigall (a clerk in the office of the Attorney General), that prior to the 7th November, 1856, the payment of these officers formed a portion of the duty of the Paymaster of Police, but that on that date the then Attorney General, Mr. Stawell, requested (see Appendix No. 22) that the system might be altered, and that the payments of the department of Petty Sessions might be confided to the Chief Law Officer of the Crown. But again, on the 2nd February, 1857 (Appendix 23), Mr. Stawell requested by letter that the Paymaster of Police should for the present continue the previous system of payment until certain other arrangements could be made. This proposition seems to have been acceded to by Captain Mair, though it was not strictly speaking a part of his professional duty; consequently it would appear that, if either Captain Mac Mahon, or Captain Mair, by delegating the payment or distribution of monies to a subordinate officer in whom he had confidence, and who he conceived was officially entitled to receive and disburse the same, was to be held responsible for the amount, the Attorney General must be held responsible for the sum of £903 6s. 8d., the payment of which he had delegated to Captain Mair (see Appendix 24).

Appendix 19.
 Nett amount,
 £2342 9s. 3d.

(7.) Again, from the whole of the evidence brought before the Board it would appear that McGregor was universally recognised by the officers of the Police and other departments (cases of Carr and Lavender) as a person duly authorised to receive and disburse monies on the Government account in his official capacity as Chief Clerk in the office of the Paymaster. In the schedule of defalcations before alluded to, the sum of £184 appears to have been received by him from Mr. Carr, the Treasurer of the Central Road Board, and that officer states in his evidence (page 9) that it was not customary to pay accounts until the signature of the Paymaster of Police had been previously obtained, but that, when the receipt duly signed by Captain Mair was presented, he felt perfectly justified in handing over the amount to McGregor in his official capacity as Chief Clerk or Accountant; and the evidence of Mr. Lavender, the Stipendiary Magistrate at Kyneton, together with that of Mr. Cooke, confirmed the impression that the Board entertained that McGregor was looked upon as an officer to whom the duty was intrusted by the Government of, receiving and disbursing monies on the public behalf. It should also be borne in mind McGregor's original appointment rested entirely with the Executive, and consequently that it would be scarcely just that either the Chief Commissioner or the Paymaster should be held responsible for the defalcations of an officer in whose appointment they had no voice, and from whom no security appears ever to have been demanded.

(8.) The Board, in the next place, turned their most serious attention to the point as to whether the Paymaster *had* or *had not* exercised due and proper precautions in checking his accounts, and it appeared to them from the evidence that all available precaution had been taken by him. From the refusal of the banks in former years to give deposit receipts, except in

occasional instances (owing to the magnitude of the Police accounts), the Paymaster had no means of ascertaining whether the various sums alleged to have been placed to the credit of District Paymasters and other officers in the country had been so placed until a letter acknowledging the receipt had been received ; and as some of these officers in the distant parts of the colony might not have had an opportunity of examining their pass-books for two or three months, a considerable period might, and in most cases probably would, intervene before any such non-payment could be detected.

- (9.) The Paymaster states in his evidence that his pass-book was duly made up and compared with his Cash-book and Ledger every Saturday, that the adjustment accounts of advances to District Paymasters were rendered to him monthly and similarly checked, that all slips of monies paid into the Banks were prepared by himself, and that, when large sums had been intrusted to others to be placed to his credit at any Bank, he invariably took immediate steps to verify the accuracy of the payment having been so made. It will be observed that under the rule laid down in page 41 of the printed instructions for the Police, the Paymaster is distinctly enjoined to make every possible arrangement to enable the officers stationed in all parts of the country to receive the pay due to them at as early a period as possible, and it appeared to the Board that it would be impossible for the Paymaster to carry out these instructions without delegating some portion of his duties to a subordinate, and (as he conceived) a duly authorised officer.
- (10.) With regard to the security given or to be given by the Chief Commissioner and Paymaster, the Board in this case look upon it as of secondary importance. If the views of the Board meet with the concurrence of His Excellency and the Executive Council, there will not be any necessity to fall back upon that security ; if otherwise, security has already been given by Captain Mair, and although owing to the accidental mislaying of a letter in the office of the Chief Commissioner of Police the latter officer's security has never been directly given, yet he distinctly states in his evidence that he considers himself to be equally responsible as if the bonds had been completed.

4. With respect to the manner in which the accounts have been kept in the Police Department, the Board are of opinion that the alterations proposed by the Chief Commissioner, in his letter of 26th March, 1857, No. 515, are neither expedient nor advisable. The Paymaster is virtually the accountant of the office, and should be held responsible that the books are kept in proper order by his clerks ; they would therefore recommend that the present staff should be continued, and that the instructions to the Paymaster of Police, contained in page 41 of the printed regulations, should be rigidly adhered to, viz., that "in financial matters he will be independent of the head of the department."

5. Upon proceeding to inspect the books of the department, the Board found that the books then kept consisted of—

Cash-book,
Journal,
Ledger.

6. The Board are of opinion that there should be also a register of salary and other accounts. The accounts should be kept by double entry, and those which are continued from year to year, such as the Clothing Fund and the Police Reward Fund, should shew not only the receipts and expenditure, but the balance carried forward from time to time, so that the state of the fund or account may be known, without reference to the books of the Treasury.

A balance should be struck on the first day of each month, and the Paymaster should himself see that it is correct ; and at the commencement of every quarter the Paymaster should attend at the Treasury for the purpose of reconciling his accounts with those kept in the Public Ledger.

7. The Paymaster should keep an account against each District Paymaster or other person to whom he may entrust monies. On the first day of each month such District Paymaster or other person should prepare a statement of the account and transmit it to the Paymaster with vouchers for the money expended, together with any balance that may remain on hand.

On receiving these statements the Paymaster should see that they agree with the accounts shewn in his ledger, and should then return the original statements to the District Paymaster, with the words, "examined and found correct," written upon them with his own hand.

8. When monies are received from the Treasury it should be by the Paymaster himself, and not by his clerk. When monies are received at the Paymaster's Office, an acknowledgment should in every instance be given from a receipt book, having counterparts for reference, and the Paymaster should check over the counterparts and take care that the monies are brought properly to account. When monies are remitted to any person it should be done if possible by means of bank drafts ; but if it be necessary to place money in a bank to the credit of any person, a deposit receipt (which the banks will now give) should be taken. The Paymaster should then check over these drafts and deposit (or other) receipts *daily*, and see that they agree with the payments that have been made, and that no receipts are wanting.

9. The Board have also found that at present two kinds of salary accounts are kept in the Police Departments. The one shews each person's name, the amount of his pay, the deductions therefrom for clothing, fines, or otherwise, and the amount actually paid to him.

The other is the form of salary accounts used in other departments, and does not shew the deductions made, the men signing for their pay in full, notwithstanding that deductions may have been made from it.

The last form has been employed in accounting to the Government for all monies received ; but the first form (though the one which really exhibits the facts of the case) is retained in the office of the Paymaster. The result is, that no account of the clothing fund, of fines, or of the stoppages from the pay of the men, has ever been rendered by the Police Department to the Government.

10. In regard to the clothing fund it further appears that the accounts of the goods are kept by the Quartermaster at Richmond, and those of the money received or expended, by the Paymaster in Melbourne. The Paymaster's account is incomplete, because it does not shew the cost of the Police clothing which was on hand at starting, or which was purchased by the Government in England, nor is there any account of profit and loss. It would appear that the Paymaster has not been supposed to keep the account of the clothing fund, but that he has only been required, incidentally, to pay for clothing purchased, or to stop from the men's pay the value of clothing supplied ; and therefore, but for no purposes of account, these particulars have been entered in his books. In this way the accounts of the clothing fund have become so blended with the general accounts, that it is impossible to separate them, or to certify to the correctness of either. The Board have therefore applied to the Chief Commissioner of Police for a complete statement of the account of the clothing fund, and they have had before them various particulars which had been furnished by that officer to the Audit Office, but from none of these have they been able to ascertain the position of the fund ; and they are now informed by Captain Mac Mahon that to prepare such a statement as they require, would occupy a considerable time.

11. The Board, having already delayed their report so much longer than they had originally intended, do not deem it advisable to wait for these accounts, but, instead, at

once to make such recommendations as they trust will conduce to an earlier settlement. They therefore recommend that the account of the clothing fund kept by the Quartermaster in Richmond, as well as any other account relating to the same fund, be investigated forthwith under the directions of the Commissioners of Audit by some officer from the Government Storekeeper's department experienced in such accounts.

When the exact position of the clothing fund has by this means been ascertained, the Board are of opinion that the value of the stock on hand should be taken on to the Paymaster's accounts and into the Public Ledger, and that thenceforth all transactions whether of receipt or payment should appear in the Public Ledger, and consequently that the accounts should be submitted for audit.

12. To enable this the more readily to be done, the Board recommend that the second form of salary account to which they have previously alluded, and which is now submitted for audit, should be dispensed with, and that the first form, now called a Stoppage Sheet, be so modified as to embrace the requisite particulars, certificates, &c., and that it be thenceforth the only form of account employed.

As this form shews the full pay as well as the deductions, it will be easy to charge the Police Department with the full amount of the men's pay, and to credit the Clothing Fund with the amount of each deduction. Similar entries can readily be made in the Public Ledger, and thus the whole of these accounts can be submitted to audit, and be rendered easy of reference and certain in their operation.

13. With reference to the last point submitted for their consideration, the Board are of opinion that no effectual check can be placed on the honesty of officers who are entrusted with public monies and who are inclined to be dishonest, save one, viz., that all persons entrusted with the receipt or expenditure of public funds to either a large or small amount should be henceforth required to give security equivalent to the sums advanced or entrusted to them, and as the difficulties which formerly existed in carrying out this arrangement are now removed by the establishment of a Guarantee Society, and the arrangements of the various Insurance Companies, the Board recommend that the principle should in every instance be acted upon without any delay.

EDWARD GRIMES,
JOSEPH H. KAY,
ALFRED J. AGG.

Melbourne,
2nd November, 1857.

MINUTES OF EVIDENCE,

Taken before the Board appointed to enquire into certain charges preferred against Mr. J. G. McGregor, Clerk in the office of the Paymaster of Police.

WEDNESDAY, 16TH SEPTEMBER, 1857.

PRESENT:—Edward Grimes, Esq. (Auditor General), in the chair; Captain Kay, R.N.,
A. J. Agg, Esq.

Ravenscroft Stephen, Esq., Corresponding Clerk in the Treasury, called in and examined.

1. *By the Board.*—You are aware of the nature of this investigation?—Yes, of the general nature. R. Stephen, Esq.,
16th Sept., 1857.

2. And you are in possession of the correspondence connected with it?—I have got together all the correspondence that appears to me to bear upon it.

3. Can you produce that correspondence or certified copies of it?—I can produce copies of the greater part of it, but some letters it appears are missing which were written in the early part of 1856, and some letters have been referred out of the office and have not been returned.

4. Perhaps you will go through the correspondence with the Board?—I was going to suggest that if the Board would look over this abstract they will be able to tell me which papers are referred to.

The correspondence was laid before the Board.

5. The original application of the Paymaster is missing?—Yes.

6. And the reply to that?—(*The witness produced a copy of the same.* See Appendix No. 1.)

7. There are two cases of missing letters, one is the 29th and the other the 30th?—That is a copy of the letter of the 29th (*pointing to the same*).

8. What is the number of it, 1610?—Yes.

9. Is this the letter itself (*handing the same to the witness*)?—It is the letter itself, No. 1610. (See Appendix No. 1.)

10. The next letter is dated the 30th April, from the Paymaster of Police to the Treasurer, giving replies as to the security to be given?—That letter stated that certain deeds were placed in the possession of the Crown Solicitor by the Paymaster of Police, and proposed that those deeds should be accepted as his security. That letter is also missing.

11. Do you remember in that letter that there was any provision as to how cheques should be signed in drawing on that advance?—I cannot say.

12. Will you look at that minute of Captain Mair, as that may aid your recollection (*the minute on letter, Appendix No. 1, presented to the witness*)?—Yes, I think that was the nature of the letter.

13. The next letter on the list is the 13th May, 1856, as to the mode of drawing cheques—it is a letter from the Treasurer to the Chief Commissioner of Police?—Yes; this is a copy of it (*handing in a copy.* See Appendix No. 3).

14. There is also a letter of the 13th May, from the Treasurer to the Manager of the Bank of Australasia, informing him of the arrangement?—Yes, I produce a copy. (See Appendix No. 4.)

15. Have you a letter of the 21st May, from the Chief Commissioner of Police to the Treasurer, stating that the advance is insufficient, and offering security?—This is the only record I have of that letter (*presenting a copy of Minute No. 90.* See Appendix No. 2). It was referred to the Chief Commissioner of Police again, with the minute of which this is a copy.

16. It is stated in this letter of the 13th May that the Treasurer requests the manager of the Bank of Australasia, if the rules of the bank permit, that he will furnish every week a statement of the position of the account—was there any reply to that?—There is a reply, which I now produce (*handing in letter from the manager of the Bank of Australasia.* See Appendix No. 5). It is not a copy, it is the original letter.

17. There is a minute by the Treasurer, No. 90, stating that there are no sufficient reasons for further advance?—That is the minute put in already. (See Appendix No. 2.)

18. Was an abstract of the kind referred to actually furnished by the bank?—I believe, as far as I can ascertain, it was only furnished for a couple of months.

19. And then they dropped it?—And then they dropped it—whether by authority or not I cannot say.

20. The next letter on the list is one dated the 19th May, from the Treasurer to the Crown Solicitor, instructing him to prepare a bond constituting Captain Mair's property security for £2000?—Yes. I produce a copy. (See Appendix No. 6.)

21. Also a letter from the Crown Solicitor to the Treasurer in reply?—Yes.

22. The next is a letter of the 13th May from the Paymaster of Police to the Treasurer, applying for a further advance of £3000, making £18,000 altogether?—(*The witness produced letter 56—R. 3379.*)

R. Stephen, Esq.,
continued,
16th Sept., 1867.

23. And a letter from the Treasurer to the Chief Commissioner of Police, hoping that the Chief Commissioner will be able to make payment of certain arrear accounts without calling for further advance?—(*The witness handed in copy of the letter.* See Appendix No. 7.)

24. A letter of the 20th May from the Treasurer to the Chief Commissioner of Police, pointing out irregularities in dealing with the advance?—That is the copy (*handing in copy.* See Appendix No. 8).

25. A letter of the 27th May, forwarding a report of the paymaster explaining the necessity for further advance?—That is attached to No. 56 | 3720.

26. A letter from the Chief Commissioner to the Treasurer dated the 2nd June, forwarding a letter from the Paymaster of the Police relative to the mode of dealing with the Police accounts?—(*Letter 3843 was produced by the witness.*)

27. A letter of the 18th June, pointing out to Captain Mac Mahon that vouchers should be signed by him, except on special occasions, he being responsible for the advance?—This is the letter (*handing the copy of the letter.* Appendix No. 9).

28. The Board wish to know whether this letter written in June or July was subsequent to the appointment of Captain Mair's as a separate department?—I do not think the appointment is recognised at all. I think that in 1856 it was considered he was only paymaster. We had instructions from Mr. Sladen, the late Treasurer, always to address to the Chief Commissioner.

29. Where is the answer of the Chief Commissioner to the letter of the 18th June with respect to the signatures to be attached to vouchers or cheques?—I do not think there was any direct reply to that. I should like to have another search before I reply officially to that question. My impression is there was no reply. Certainly, from memory there was no reply disputing that responsibility.

The witness, after the close of his examination, forwarded to the Board letter 56 | 4232, with a note, stating his inability to find any other reply or acknowledgment of the letter in question.

30. Then you consider that arrangement was acquiesced in?—I consider so, but I should wish to enquire again before giving a definite answer.

31. And in the case of the letter of the 13th June?—That letter has also been referred to the Chief Commissioner of Police, and this is a copy of the minute in reply (see Appendix No. 10). The letter has not been received again.

32. Have you a letter from the Treasurer to the Chief Commissioner of Police, dated 6th September, calling attention to the neglect of the regulations in reference to the accounts?—(*The witness produced a copy of the letter.* See Appendix No. 11.)

33. The letter of the 17th September?—That letter was forwarded, in this letter of which I hold a copy in my hand, to the Attorney General, and not returned to me. (*The same was handed in.* See Appendix No. 12.)

34. Have you a letter dated the 20th October, 1856?—Yes. (See Appendix No. 12.)

35. And the letters of the 7th November as to the duties of Captain Mair, proposing to relieve him, as regards Petty Sessions payments?—(*The witness produced the same.* See Appendix No. 22.)

36. A letter of the 8th October, 1856, from the Treasurer to the Chief Commissioner of Police, asking for explanations respecting irregularities in forwarding vouchers?—(*Copy produced.* See Appendix No. 13.)

37. And a reply by the Chief Commissioner of Police to the Treasurer?—The reply was referred to the Chief Commissioner of Police. I present a copy of the minute. (See Appendix No. 14.) The letter has not been returned.

38. The next on the list is dated the 8th December, 1856, to the Chief Commissioner of Police, from the Treasurer, pointing out that the advance must be adjusted by 31st December, 1856?—(*The copy produced.* See Appendix No. 15.)

39. There is the first of a series of letters dated 23rd December, 1856, and a minute by the Treasurer refusing the application of the Chief Commissioner?—(*Letters produced, 56 | R. 7769.*)

40. On the 31st December, 1856, there is a minute of the Treasurer to the Chief Commissioner of Police, asking how the £18,000 was then distributed?—(*A copy was produced.* See Appendix No. 16.)

41. And the same date a statement?—It is in that correspondence, 7769.

42. A letter of the 22nd January, 1857, from the Treasurer to the Chief Commissioner of Police, pointing out that the paymaster should pay in the revenue periodically, as per regulations?—(*The same was handed in.* See Appendix No. 17.)

43. A letter of the 18th February?—It is in that correspondence, 7769.

44. And a minute of the 19th February in reply?—It is in that correspondence, 7769.

45. And the 25th February, 1857, by the Paymaster to the Treasurer, calling attention to a statement in a previous letter of 31st December, to show that the accounts could not possibly be adjusted, and presuming that that statement would have been sufficient?—It is in that correspondence.

46. Have you the minute of the Treasurer on that letter, enquiring as to the appropriation of the balance of £9800?—You will find it in that correspondence.

47. And a letter of the 9th March, 1857, advising that Mr. Agg had been instructed to inspect the books?—(*A copy of the letter was handed in.* See Appendix No. 18.)

48. There is a minute here to Captain Mac Mahon, dated 6th May, will you please read it, and tell the Board whether that was communicated to the Treasurer in any way (*the*

witness read the minute)?—It was not communicated officially, certainly, but my impression is R. Stephan, Esq.,
I must have seen it or heard of it, because a letter subsequently to that was written to the 16th Sept., 1857.
Chief Commissioner.

49. On the 13th May?—Yes.

50. To that letter of the 13th May no reply was received?—A reply was received, but it contained other matter, and the Treasurer replied to that other matter. It went back to the Chief Commissioner of Police, who did not return it again to the Treasurer.

51. Did Captain Mair, the Paymaster of the Police, give security in consequence of that correspondence?—Yes. I think Mr. Hull has his bond in his hands now.

52. Did Captain Mac Mahon, the Chief Commissioner of Police, give security?—Not that I am aware of.

53. Subsequent to the date of those letters of the 18th June, telling him he was responsible for all payments, was any security given by him?—No, I do not think there was.

54. Will it be the duty of the Treasurer to receive security?—The fact is, the question was pending all last year respecting who should claim the security.

55. Under which responsible officer is the Police department placed?—Under the Chief Secretary.

56. Did you draught that letter of the 29th April, in which the conditions on which the advance was made are stated?—The first letter—yes.

57. It does not appear to have been the duty of the Treasurer to obtain security?—No.

58. Do you consider that this advance of £15,000 was made to the Chief Commissioner of Police and the Paymaster jointly, or only to one of them—perhaps you will previously to answering that question read that letter of the 29th April (*the letter was handed to the witness*)?—I consider that it was made to the Paymaster and the Chief Commissioner jointly.

59. And that both were called upon to give security in consequence?—Both were equally bound to give security.

60. And what was the nature of the responsibility thrown upon Captain Mac Mahon—you observe he had to countersign the cheques?—It was intended that by countersigning the cheques that they should be entered; that one person should not be able to draw money without acting in due form.

61. McGregor was first clerk in that office?—Yes.

62. Did you look upon him as accountant in that office?—Yes.

63. Should you from your experience in the public service think that an accountant in an office was entitled to receive and pay monies?—Well no, I should say not.

64. Would you as the head of a department hand over to your chief clerk monies for disbursement?—Certainly not. I should explain that it is usual for every head of a department to authorise some clerk in his department to receive monies for the payment of salaries.

65. That is a usual practice?—Yes.

66. Was McGregor ever called upon to give security?—No.

67. Was that because he was in the department of the Chief Secretary?—I cannot really say why it was.

68. Captain Mair was called upon to give security but not McGregor?—I cannot really say why.

69. In point of fact, no responsibility was cast upon McGregor in respect to those payments?—No, he was not recognised at all.

The witness withdrew.

Theyre Weigall, Esq., called in and examined.

70. *By the Board.*—You are the chief officer in the department of the Attorney General?—No, I am the second clerk; but I have charge of the departmental business. T. Weigall, Esq.,
16th Sept., 1857.

71. And you are aware of the nature of this investigation?—Yes.

72. Can you state the arrangements that were formerly in force in reference to the payment of the salaries in the department of Petty Sessions?—Yes: the Chief Commissioner had charge of the department of Petty Sessions, and the Police Magistrates and Clerks of Petty Sessions were paid as any other officers. That arrangement was continued until two months ago, when the Attorney General took that office upon himself.

73. You mean two months back?—The first salaries were paid by the Attorney General for July.

74. Did not the late Attorney General undertake the payment of salaries some time last year?—Never: he always refused having anything to do with them, although when Mr. Sladen stated his signature would be necessary to the authority to Captain Mair, from the way in which the Estimates were prepared, he gave it to him as Paymaster of the Police, and the authorities obtained from the Governor to the Paymaster of Petty Sessions were issued to the Paymaster of Police, and that duty was assumed as Paymaster of Police.

75. Did not the present Chief Justice request that they should continue the former mode of payment until further arrangements were concluded?—I am not aware that such a request was ever necessary. I know that the Attorney General requested the Treasurer to make some other arrangements for paying the Clerks of Petty Sessions, but no answer was ever received to that.

76. Was that Sir W. F. Stawell or Mr. Michie?—Sir W. F. Stawell.

77. The department of Petty Sessions is entirely under the Attorney General?—Entirely.

T. Weigall, Esq.,
continued.
16th Sept., 1857.

78. The Estimates were prepared in such a manner that he became responsible?—After the introduction of responsible Government, the votes were placed under his charge by the regulation of the 3rd September, 1856.

79. And the department of Police was not the department of the Administration of Justice, but the Chief Secretary?—Oh, this arrangement of paying Clerks of Petty Sessions through the paymaster was one that was not broken through, and existed before.

80. The Crown Law Officer was the responsible officer under the department of Petty Sessions, and the votes were taken from the Legislative Assembly under that head?—The votes were taken under that head, and he issued his authority to the Paymaster of Police, and he obtained an authority to the Paymaster of Police to receive monies. Mr. Stawell conceived that there his responsibility terminated.

81. Do you recollect that order of Mr. Stawell's in favor of Captain Mair?—I never saw that.

82. You never saw that?—As far as I know, I never saw that.

83. Is not that a proof that Mr. Stawell considered he was employing an agent for payment of salaries?—No doubt Captain Mair acted as agent for the Attorney General in that matter; but it was put on him as Paymaster of Police, and accepted as a duty belonging to the Paymaster of Police.

84. A letter of the 7th November recommends a new arrangement should be made from the 1st January, 1857 (*referring to letter 56 | R. 6833*)?—That did not come into operation.

85. Do you recollect that letter?—That is my writing, and of course I remember writing that, and I remember the way in which it was proposed. You will see that suggestion that the present system should be adhered to, and no additional responsibility should be accepted by the Attorney General in that matter, and that Captain Mair should continue to pay those monies.

86. Were you aware that Captain Mac Mahon refused to pay monies for Captain Mair?—No. I am aware that McGregor made an application to the Attorney General once in Captain Mair's illness for authority to receive money in his absence. I suggested to Mr. Stawell it was a risk he ought not to take, and he declined to take it, and there was an order given to Captain Mair and Captain Mac Mahon jointly to receive the monies monthly.

87. That is in existence; was it a written order?—It was a written order to the Treasurer, and no doubt it is in existence.

88. Is it recorded in your office?—That was not recorded in our office. It was prepared in the office of the Paymaster of Police, and not in our office.

89. But it came from your office?—McGregor brought down the order prepared authorising him to receive it, and I took it in to Mr. Stawell, and he declined to sign it, and he then brought down another prepared in the office of the Paymaster of the Police.

90. Do you recollect what month it was?—About August.

91. Then in point of fact at your suggestion the Attorney General did object to McGregor receiving those monies?—He did object. There is one more thing that I wish to mention to the Board, that an opinion, or rather a letter of the Attorney General, is before them, in which an opinion may appear to be expressed, but it was expressed upon a knowledge of the fact that those authorities had been issued to the Paymaster of the Police, Captain Mair performing those duties and accepting them as the duties of the Paymaster of Police. And as far as we were informed of the nature of the embezzlements they were not of such a nature as could have occurred had a proper check been kept over the clerk, and the Attorney General distinctly stated he considered Captain Mair liable for the defalcations.

92. What do you wish to explain with regard to that?—I wish to explain the basis on which that opinion has been arrived at.

93. Is that explanation by authority?—I am not making it by authority, but I am aware of the basis of that opinion. It was when the Solicitor General discovered that McGregor was not acting as an agent between the Government in the payments on behalf of the Police Magistrates; that he had not been authorised to accept any part of that duty; that the Law Officers said that Captain Mair must be responsible; that authority to receive was issued by the Attorney General to Captain Mair, and the honest performance of the duty in his office was a matter for him to regard.

94. Then you are of opinion that the present Attorney General's opinion is somewhat modified?—Not at all.

95. He still considers Captain Mair responsible?—As far as I know.

The witness withdrew.

Wm. Lavender, Esq., Police Magistrate, Kyneton, called in and examined.

W. Lavender, Esq.
16th Sept., 1857.

96. *By the Board.*—In what manner are the salaries of your department being paid?—The salaries were paid by Captain Mair. They were transmitted through the Bank of New South Wales and passed to my credit in that bank, and I received a letter from Captain Mair stating in the usual form that so much money has been put to my credit in the bank in payment for salaries of such and such a month.

97. For your own salary?—Yes.

98. What was the date of that letter, do you know?—I received one every month, with very few exceptions. There might perhaps be an exception if I happened to be down here, he would say you may as well take a cheque at once, but there were only two or three exceptions to that rule.

99. Did you always get the money?—No.

100. On what occasion were you short. Will you please state the circumstances of any loss that occurred in transmitting the money?—I think it would be either January or February of this year that I received a letter stating that so much money had been paid to my credit. I did not send down to the bank for some time, and when I did it was stated there was no money paid in.

101. Did you inform Captain Mair as soon as you knew of it?—Yes; since I knew of it.

102. Was that long before McGregor absconded?—Very little. In fact, that was the reason. I sent my pass-book down to the bank, and —

103. That was the reason McGregor absconded?—Yes.

104. Then you had not found it out before he had absconded?—Yes.

105. Did you always transact business with Captain Mair or his clerk?—Always.

106. The cheque was signed by Captain Mair and handed by McGregor to you?—Yes.

107. Did you know that McGregor paid the money into the bank?—I cannot say from my own knowledge, but from information that I received it was paid by McGregor.

108. Did you ever receive the cheque from McGregor himself?—Never; when I have been at the office he has said I am going to pay your cheque into the bank, you may as well take it.

109. And you have done so?—Yes.

110. And you looked upon McGregor as a person authorised to pay monies on behalf of the Paymaster of Police—not in a private capacity, but as a Government officer?—Undoubtedly.

111. Had you had payments to make into the department, would you have hesitated to pay to McGregor?—Not at all.

112. Nor to take his receipt?—I should have been deviating from my usual course in taking a receipt from McGregor, but really knowing what I did of him I cannot say that I should not have taken it, for I looked upon him as so connected with the department that I should not have hesitated.

The witness withdrew.

Captain Mac Mahon, Chief Commissioner of Police, examined.

113. *By the Board.*—Since when do you hold your appointment?—Since the return of Mr. Mitchell—about the middle of last year. Capt. Mac Mahon,
16th Sept., 1857.

114. Since Mr. Mitchell went away you have been acting?—I have been acting since he went away—since the commencement of 1856.

115. Do you recollect receiving a letter from the Treasurer, I think dated the 29th April, 1856, respecting an advance of £15,000 to your department?—I remember some correspondence taking place, I cannot say exactly what.

116. Do you recollect the conditions on which that advance was to be made (*the letter was handed to the witness, 56 | 1610*)?—Yes; I remember this perfectly.

117. And you recollect the conditions on which the amount was to be adjusted from a certain date?—It does not say anything about adjusting here.

118. What steps did you take yourself to see that those conditions were adhered to?—I merely took the steps of calling Captain Mair's attention to them, but I never interfered in any way with the accounts in the department except if delay arose in the payment of accounts, otherwise I never interfered excepting in one case during Captain Mair's absence from the colony on leave, when I signed cheques for him.

119. The letter states that all cheques should be signed by yourself and countersigned either by Captain Mair or McGregor?—I see it is, but there is a minute which alters that considerably (*the witness read Captain Mair's minute on letter 56 | 1610*). That is Captain Mair's reply, so it must be presumed, no contradiction having been received to it, that such was the mode in which the payments should be carried on.

120. Was that sum placed in the bank to the credit of both yourself and Captain Mair, or to only one of you?—That I cannot say; I never interfered in any way.

121. Is Captain Mair's an independent authority?—Yes, to a very great extent now; but it was totally independent up to the commencement of last year, when it was placed as a particular department on the Estimates; but at the commencement of last year it was amalgamated. He was put down as Comptroller of Police Accounts. But in Sir Charles Hotham's time it was His Excellency's wish that I should not be in any way connected with the accounts.

122. Then you never looked into the books of the accounts?—I never interfered in any way, I always certified to the accounts.

123. Without looking into the books?—I had the voucher itself presented, but I never even certified to the salaries until the last few months, when I found it necessary to do so.

124. Why did you find it necessary?—I thought it would give me a better control over the expenditure of the department, and now they are not only certified to but actually made out by me. The object of that was in consequence of a new system introduced by the Government of payment by Sub-Treasurers. To avoid the delay that would be caused by the vouchers being remitted to town from the various districts and being returned again, I make them out in my office, and remit them to the various parties through the Sub-Treasurer.

125. Did not the Treasurer hold you and Captain Mair jointly responsible for the administration of the advance of £15,000?—I should consider from this letter that he did, but from Captain Mair's minute that he did not.

Capt. MacMahon,
continued,
18th Sept., 1827.

126. Do you consider you were at all responsible?—I should consider my responsibility extended only to Captain Mair's conduct, and not to that of his clerk.

127. Do you consider yourself now responsible?—No, not until my proposition of bringing all the accounts and books under my own eye is approved of; till then I do not consider myself in the slightest degree responsible.

128. Does Captain Mair, the paymaster, act under any written instructions that you are aware of?—I am not aware. He gets instructions from time to time.

129. From you?—No, from the Treasury and Audit Office. Occasionally he receives instructions from me respecting his arrangements with the District Offices. The printed Regulations of the Police Force will show the mode prescribed for managing the pay branch of the department.

The printed Police Regulations for the guidance of the Constabulary of Victoria, approved by His Excellency the Governor in Council, 22nd April, 1856, were sent for and produced.

130. The amount of responsibility in money matters in your department is not very clearly defined?—It is not at present. For instance, we have not given as yet any security, although I stated that I was prepared to do so.

131. After having offered to do so, were you applied to to do so?—No; but that makes no matter, for whether I gave security or not, I should consider myself equally responsible.

132. In the 9th paragraph of the Treasurer's letter to you of the 20th May (Appendix No. 8), he says:—"Again, the vouchers are generally signed by Captain Mair, both as the 'Head of the Department,' and as the 'Officer by whom the expenditure has been incurred.' This is now unauthorised, and, as I consider, improper; I must request you therefore to direct the discontinuance of the practice unless in your absence, and that in this case the sanction of the Honorable the Chief Secretary to it may be obtained and communicated to me." That would seem to show the whole responsibility was upon you (*the letter was handed to the witness*)?—This was all replied to, but at a glance I could not inform you of the result. With regard to this clause, there is a letter from the Chief Secretary, approving of Captain Mair being appointed as Commissioner of Police, and acting in that capacity as signing accounts.

133. There is a letter of the 13th May placed in evidence before the Board—will you look at that (*the letter was handed to the witness*. See Appendix No. 3)?—I have replied to this. This is asking for security.

134. Does it not hold you jointly responsible with Captain Mair?—If I replied offering security, and I received no reply asking for it, I consider I am clear.

135. It was stated that a later minute by Mr. Sladen was sent to you, and never returned to the Treasury?—I will look it up.

136. This was placed before this Board this morning as being a copy of the minute (Appendix No. 2). It was stated that the letter had been returned to your office, and had not been sent back to the Treasury?—I remember that minute too. I will look up the papers, but they will not be in my office. They may be in Captain Mair's. But even this correspondence will not show the thing clearly, for a personal conversation took place between Captain Mair and Mr. Sladen, of which I am ignorant. It was, I think, just prior to the first occasion of the Government leaving office. I cannot state the exact date, but I remember Captain Mair informing me that he had just seen Mr. Sladen, and that he now had a different opinion of the matter, and was willing to make the arrangement as convenient as possible.

137. On the letter of the 29th April (Appendix No. 1), there is a minute in your handwriting?—Yes.

138. This letter states the conditions upon which the advance of £15,000 was to be made—did you object to the conditions stated in the letter; you had an opportunity of seeing the letter—did you object to it, or by silence assent to it?—I saw Mr. Sladen on the subject, and told him I had no objection to furnish security, but I did not think I was in the slightest degree connected with the financial branch of the department.

139. For what were you to give security, if not for the advance?—Taking it as a business transaction, the £15,000 was advanced, and the security was not given. Is not that the best proof that some arrangement had been come to which did not necessitate my taking personal responsibility.

140. With regard to those police regulations, they were authorised by the Governor in Council?—Yes.

141. When payments were made to district paymasters you are aware that monies were advanced—do you consider it part of your duty to see that proper checks were imposed in making those payments?—I do not know what sort of checks you mean.

142. They would be entered in the books—did you examine the pass-books?—I never interfered.

143. You were aware that McGregor was in the habit of receiving and paying away money in the department?—Yes.

144. What was your opinion of the position he occupied in that office?—Confidential clerk; the same as the managing man in a mercantile establishment.

145. Supposing I owed money to the department of Police, do you think I should have been justified in taking his receipt for same; would any one?—I think he was looked upon in the light I have before mentioned; I think it was a system that from custom had grown up—whether right or wrong I do not know.

146. How long had he been in the department?—Before I took charge of it.

147. Was he a person in whom confidence was generally placed by those about him?—*Capt. MacMahon, continued, 16th Sept, 1857.*
I had no reason to think otherwise.

148. You had no suspicions of his want of honesty yourself?—I had not; I did not like the manner in which he performed his duty. I did not think he performed it in the business-like and attentive manner that I should like to see; and I believe these defalcations were at first more to be attributed to neglect than to intentional dishonesty. I believe he absconded in a fit of desperation on finding his accounts in such a state.

149. Was his appointment called accountant or merely that of clerk to perform the office of accountant?—He was on the Estimates as chief clerk.

150. You had no accountant except him?—None.

151. Did he give security?—I believe not.

152. Do you know if he was ever called upon to do so?—I do not know; I looked upon him as Captain Mair's chief clerk.

153. Do you recollect being called upon by the Chief Secretary in 1855 or 1856 to obtain security from all persons under your control?—I do not exactly remember at this moment. I presume had I been directed to obtain it I should have done so. We have never been called upon to compel persons to give security, we have only been asked to name them. The district paymasters giving security was my own suggestion. I introduced it.

154. This advance was to be adjusted on the 31st December, 1856?—Yes.

155. It was not adjusted then?—It was not. Mr. Agg came over shortly after the end of the year to look into it. I am perfectly certain that Captain Mair frequently spoke to the Treasurer on the subject, pointing out the cause of the delay.

156. I think you have called Captain Mair's attention to the fact of its not being adjusted?—No, I did not do that. I was not aware of it myself.

157. The Government of course must have been aware, as they sanctioned the publication of those regulations, that they considered the department in all financial matters to be independent of you?—To a great extent. Of course where there was misconduct on the part of any member of the department I should have examined into it.

158. This advance having been made to you and Captain Mair jointly, did you take any further steps towards that adjustment than writing to Captain Mair?—I did not write to him.

159. Speaking to him?—I do not know exactly what reason Captain Mair had, but he frequently visited the Treasurer, and I think he must have arranged the matter with that gentleman or it would have been reported to the Government. I will explain to you the amount of responsibility that I conceive I incurred, that is to say, in case Captain Mair had become a defaulter and was not good for the amount, I should have had to make up the difference, but I did not imagine that I incurred the slightest responsibility with regard to any one in his office, and even had I given security I should have considered my position as regards responsibility the same.

160. You consider that the Government looked to Captain Mair first and then you?—I do not care which, for I have confidence in Captain Mair, and I should not have been afraid to give such a security for him.

161. Who was McGregor appointed by—by the Government?—By the Government.

162. Not by Captain Mair; has he no hold of him in any way whatever?—Not that I am aware of.

163. You are aware the clothing fund accounts are blended with the general police accounts?—I am aware so now, but they should not have been. I over and over again requested they should be kept in a separate bank by themselves, but Captain Mair told me the difficulty of doing so in consequence of money having been paid up the country that he had to transfer those amounts at once. That was the reason that he found a difficulty in acting upon my suggestion.

164. Are you aware whether there has been a complete balance made out of the accounts of the clothing fund?—I am not satisfied of its completeness.

165. You furnished a return to the Audit Office of stock on hand at selling prices, but that might be any thing?—It is only simply to take them back and put them down at cost prices.

166. There has been no proper balance sheet made out yet, but I understand you to say you are not satisfied with the accounts that have been furnished?—I am satisfied so far as the quartermaster goes and the mode of his keeping accounts.

167. As to profit and loss there is no balance sheet shewing the cost?—I submitted the original invoices to the Audit Office, with a return showing the per centage of expense of freight, insurance, and other charges which each article should bear.

168. That was not a complete account—it did not contain the purchases made since?—A statement of all the purchases made in the Colony, with the original receipts was furnished to the Audit Office.

169. Could a complete account be made out now, and in a short time?—I cannot see the slightest difficulty if a person would devote his attention to it. I think it involves the police pay accounts, but that was a matter with which I had nothing to do. All that I had to do with the clothing fund was to see that the quartermaster did his duty. I looked to the quartermaster to keep an account of receipts and payments totally separate, so that the money did not pass through his hands.

170. Do you think a complete account could not be made in the paymaster's books. We observed the other day in going through the paymaster's books that though they show the money he had received from different quarters, they do not show the stock on hand at the beginning. He shows all subsequent transactions. Could that not be kept in his books. The

Capt. MacMahon,
continued,
16th Sept., 1857.

monies appear to be separated from the stores account; there was no connection between them. It appears the accounts were kept in two places; the stores by the quartermaster and the monies by the paymaster. Would it not be better to keep them both in one place?—That requires some consideration as to how the details should be worked.

171. With regard to the pay sheets; there are two kinds of pay sheets, one not including stoppages which comes to the Treasury, and another which does include stoppages, which goes to the paymaster; would it not be an improvement if both accounts were kept in the Treasury?—They could; but if they were kept in the Treasury they would not keep separate accounts there.

172. But supposing a separate account is opened for the Clothing fund in the same manner as the Police Reward fund, you think it would be advisable to do so?—Yes.

173. In that case, in how long do you think you could show a complete account of the fund?—If the pay department was managed in the manner in which I should like to see it, I guarantee it could be done without delay.

174. Would you state in what way the pay office should be managed?—By a practical accountant.

175. Instead of the paymaster?—Yes.

176. Perhaps you will state the particulars of your proposition?—A practical accountant should be appointed, who should give security to the amount of cash passing through his hands, and be under the control of the head of the department.

177. And you do not think the pay department should be kept as it is at present?—No one but the Head of the Department incurring the accounts can check them properly, as every arrangement is now so much dependent on others, that it is impossible for a person unacquainted with the details of duty, to supervise the accounts.

178. Perhaps you would be kind enough to state what changes you would like to introduce, and what steps should be adopted for the future?—I should propose that a practical accountant should be placed in charge of that branch of the service, and that he should give security equal to any amount of money that is likely to pass through his hands. I should then propose commencing with totally new books, from the date from which he began, or from some definite date.

179. Why do you propose totally new books—I thought you said you never looked into the books?—I should not like to revise over the present books.

180. Who fixes the selling prices of the stock on hand of the clothing—yourself or the quartermaster, or Captain Mair, or all?—They have been fixed by a clothing board, for the most part; but there are some small items that have been otherwise. There is a general rule to charge not less than 25 per cent., which is to include cartage, and expenses of that description; but where there are only a few things it is not worth sending to the board about, and the quartermaster asks me what shall those things be sold for. He says they are worth so much—I say very well—in fact it is left a great deal to his discretion. Sometimes the clothing becomes damaged by vermin, and a small reduction has to be made.

181. I presume he would have to refer to you for disposing of those under cost prices?—Not for things such as a single pair of trousers.

182. But that might be carried on to any extent?—No, that is not carried on to any great extent; in fact it seldom occurs.

183. You spoke of acting for Captain Mair during his illness; how were the arrangements for the payment of the salaries for the department of Petty Sessions at that time?—The only manner in which I acted, was (not being acquainted with his books) that I should look to McGregor, his chief clerk, for the management, and all that I did was to sign cheques which had been drawn out by him. I never signed a cheque without having the particulars before me. He brought the vouchers and I signed the cheque.

184. Do you recollect the arrangements under which McGregor received monies from the Treasury for the payment of salaries in the department of Petty Sessions?—I do not.

185. Do you recollect whether any authority was given by the late Attorney General to receive the money on that occasion?—I do not think there was. I cannot say.

186. The department of Chief Commissioner of Police is under the Chief Secretary as the responsible officer?—Yes.

187. The department of Petty Sessions is under the Attorney General?—Yes; they used to be under one department.

188. Do you consider Captain Mair was ever relieved from paying the Petty Sessions department?—Not until the other day, when a clerk was transferred for that purpose.

189. But if the department of Police did not come under the Crown Law Officer, how could the Attorney General delegate that authority to him for sums that were voted in the estimates under his charge?—To whom?

190. To Captain Mair.—I do not know.

191. Then it was because it had been the practice?—I presume so.

192. If the Attorney General had asked you to take the responsibility of paying the Petty Sessions department you would not have done it?—I should not have done it.

193. Is the Board to understand that you would refuse to undertake any responsibility excepting by the direction of the responsible minister in charge of your department?—I should not undertake the responsibility of paying a department with which I had no connection, for any person. I would say that I do not wish, because I have not given a bond, to shirk any responsibility, but I look at it in this light, that if there was a defalcation on the part of the Paymaster of Police, say of any portion of that £15,000, I should come in for the responsibility.

but not for a defalcation of a subordinate in his department, and it just amounts to this, if the Government said they held me responsible I should say the same to Captain Mair.

194. You mean to say you would take some steps to make that responsibility tangible?—Of course. I should say you cannot remain in your present position unless you relieve me from any loss which I have thus incurred.

195. Are you speaking with reference to what has already taken place?—Yes. A bond was not given by me, but I consider myself as responsible as if it were given; but I think that responsibility was confined to the acts of Captain Mair himself. I know if it was ever contemplated that I was responsible for the acts of the clerks in his office I should never have incurred such responsibility.

The witness withdrew.

Mr. Robert C. Carr examined.

196. *By the Board.*—You are accountant of the Central Road Board?—Treasurer of the Central Road Board.

197. Some time in the course of last year you paid to the office of the Paymaster of Police £184 5s. 6d., did you not?—I paid it to McGregor.

198. Did you take a receipt for that?—Yes. The voucher came in from the Police department against the Central Road Board for a sum of money on their regular forms. We had then a voucher made out on our own form, and forwarded up to our engineer for his signature as to the correctness of the account. It was pay for a policeman that was employed to take charge of the roads at so much a month. He was employed but we were to pay him, and on receiving back the voucher the Board instructed me to pay it.

199. Payable to whom?—Captain Mair, the Paymaster of the Police. We gave McGregor the voucher to take to Captain Mair for his signature.

200. Before you paid the money?—Yes. He then took it over to the office and got Captain Mair's receipt; and as is usual on such occasions we make the party who receives the cheque sign the block of the check to show that he has received the money, and I got McGregor to sign the block of the cheque.—(*The blocks were produced by the witness and examined by the Board.*)

201. You have got the original receipt of Captain Mair's?—Yes.

202. You felt justified in handing over the cheque for £184 to McGregor as an officer of the Government?—Of course; he got Captain Mair's receipt and brought it back to us, and we paid the money then.

203. Have you got that voucher?—The Crown Solicitor got that voucher, and it went to the Audit Office.

204. It was taken on the occasion of the trial?—Yes, and we never got it back.

205. And it is signed by Captain Mair?—Yes. We were indebted to the Police department for the services of a policeman.

206. What was the policeman doing—was he performing the duties of a road engineer?—No. The diggers had been in the habit of destroying the roads near the mines by digging them over, and we requested a policeman should be appointed to prevent them doing so; and we paid the expense of the man.

207. You had no other paper from Captain Mair asking you to pay to McGregor; no authority; he merely brought a message from Captain Mair?—He brought it in from the Police department. I looked upon him as Captain Mair's officer. Of course Captain Mair would not have given him that voucher without it was intended that he should receive the money. There were some other payments.

208. In the same way?—Yes.

209. But it was the only one that was embezzled?—I believe those are missing too; they are of a different character, those were men who took the traffic on the roads, and they were paid and the accounts brought into us by the Police department, and we paid the Police department for them and put in the voucher.

210. Is the Board to understand these sums are all entered?—I believe the claimants have not got the money. I think they were inquiring about some of those the other day at the Treasury, and they were told the Treasurer never had those accounts and we showed them they had been paid in our office.

The witness withdrew.

Captain Mair called in and examined.

211. *By the Board.*—You are Paymaster of Police, are you not?—I am the Paymaster of the Police.

212. Have you any written instructions with reference to your duties as Paymaster of the Police?—No.

213. Had you never any?—I am not aware I ever had beyond the General and Police Regulations.

214. The Board have observed that in the Police Regulations which were ordered to be published by the Governor in Council, the Paymaster is considered to be the officer of the department who in financial matters is the independent head of it?—That I imagine was previous to 1856. I do not know exactly the date of those instructions.

Captain Mair,
16th Sept., 1857.

Captain Maiz,
continued,
10th Sept., 1857.

215. The 22nd April, 1856?—I have always understood that the Chief Commissioner would not interfere with the arrangements of the Pay department. I think that was simply the meaning of it, for the Pay department has ceased to be an independent one since 1855. Previous to that there was an order from the Governor that the Pay department should be distinct and entirely independent of the Chief Commissioner; subsequently, on the introduction of Constitutional Government it ceased to be so, and all communications were addressed to the Chief Commissioner.

216. How long did that independence of the paymaster continue?—Till the beginning of 1855. In 1855 it was under the Chief Secretary, and in 1856 the Chief Commissioner was considered the head of the department. I ceased to correspond with the Chief Secretary's office at the beginning of 1856. I think those regulations were framed a considerable time before being published.

217. By whom was McGregor appointed to your office?—He was appointed by the Governor.

218. Had you any voice in the appointment?—I merely forwarded his application to the Chief Commissioner, Mr. Mitchell.

219. Was any security taken for the performance of his duties?—Never.

220. Was he styled the accountant?—Latterly he was, since the beginning of 1856.

221. Did you ever recommend that he should give security?—I am not aware that I ever did.

222. How long was he in the office as chief clerk or accountant?—From February or March, 1853, when the vacancy occurred.

223. You had large sums of money through your hands in 1853?—Very large; between £600,000 and £700,000, and nearly all passed through the office at that time.

224. Had you at any time any reason to suspect a want of honesty in his financial matters?—Never.

225. Did you ever suspect him?—Never, until the discovery was made.

226. The whole of those payments in 1853 were made correctly?—I had imprests at that time. Very large sums were sent through banks, and all payments were made correctly.

227. Would it not have been in his power to have absconded with a larger sum?—Very much larger.

228. Did it never occur to you that a man in such a position as that ought to give security?—It did occur to me.

229. For your own satisfaction, were there not times when you must have felt uncomfortable in trusting such amounts to such a man?—In large amounts I always ascertained that the lodgments were regularly made by immediate subsequent reference for my own satisfaction.

230. Do you recollect the nature of those letters as to persons giving security; do you recollect a letter asking the names of persons whom you considered ought to give security?—I never received a letter that I am aware of to suggest, or requiring me to suggest, the names of parties from whom security was desirable to be taken.

231. Did you ever recommend that McGregor should be called upon to give security?—No; it was never intimated to me that this was necessary.

232. He never was called upon to your knowledge?—No; he never was called upon.

233. What was the cause in your opinion of his ultimately absconding at that particular time?—I suppose fear of detection, because I had made some remark with regard to one of the accounts of the officers in which the defalcation had occurred. I mean Cook's; and I sent for the officer to inquire into some circumstances, and I think he suspected it might turn the thing up.

234. You remember receiving a letter from the Treasurer with regard to the advance of £15,000 made in April?—Yes; this advance was made in my absence; I was on sick leave at the time.

235. There is a minute of yours appended to that letter?—I was not on leave at the time that letter was written, but the arrangement was made in my absence by Captain Mac Mahon.

236. You were then called upon to give security?—This is dated the 5th May. I think I had just returned from Sydney about the time that letter was written.

237. Do you consider that you incurred any responsibility with regard to the accounting for the £15,000?—Yes; I consider I was responsible for the adjusting of it.

238. Did you consider yourself entirely responsible or jointly responsible with Captain Mac Mahon?—I considered we were jointly responsible.

239. To whose credit was it lodged?—To my credit.

240. Do you consider you could have drawn a cheque for that sum without its being countersigned by Captain Mac Mahon?—It must have been countersigned by McGregor.

241. Could Captain Mac Mahon draw upon it?—I consider he might.

242. Could he have drawn upon that account without your consent?—Decidedly he could.

243. You said in that minute the cheques would be signed by yourself and countersigned by your chief clerk; you do not say they would be signed by Captain Mac Mahon?—No, I do not; but it was understood they would be so signed, if necessary.

244. The account was opened in the bank in the names of the Chief Commissioner and Paymaster of Police?—The intention was that that was to be the case. Captain Mac Mahon had drawn several cheques in my absence.

245. On that £15,000?—Yes; even latterly Captain Mac Mahon drew cheques.

Captain Mair,
continued,
16th Sept., 1857.

246. It was stated that no reply to those letters of the 29th April ever reached the Treasury—was such the case—was no reply ever sent to the Treasury?—(*The letter 56 | 1610 was handed to the witness.*)—I cannot charge my memory at the present moment, but I should say a reply had been sent.

247. Perhaps you could send us a copy of that letter in reply, and also the bank pass-book, commencing from the time the account was opened with the bank for that deposit, about May, 1856?—Yes.

248. It was the practice for McGregor to countersign all cheques?—Yes.

249. What was the effect of his countersignature?—The contents of this letter had been conveyed to the bankers, and they would not have received my cheques without his signature.

250. In what position was McGregor in your office as regards the Government—was it known that he was receiving and paying on your behalf?—I should say so, decidedly.

251. Were you aware that he was in the habit of receiving public monies from various quarters?—Yes.

252. From the Central Road Board?—No, I was not aware, this being the first case; but from police officers in Melbourne, fines, and the clothing fund.

253. He had received monies from the Central Road Board?—He had, but I was not aware of it, such payments being exceptional cases.

254. In one case he received the money on your receipt?—The voucher was brought to me by him, stating that, when signed, the money would be received. He went afterwards to obtain the money, and returned, and told me the chief clerk was not in at the time, but that it would be received next time he called. It appeared that he subsequently received the money and did not account for it.

255. You previously signed the receipt?—Yes, the pay abstract.

256. Did you take any steps to get the money?—I did not beyond returning the abstract by McGregor. I considered it was a mere matter of financial arrangement, and the money being due from one public department to another, would be sent to me afterwards in due course.

257. Do you think that you took the precautions to prevent McGregor from acting dishonestly that you might very well have taken?—It strikes me that I did in every case as far as I was able to do so.

258. When he received money, for instance, what check was there upon him; when he paid money into the bank?—He never paid money into the bank in any case without previously passing through my hands, unless in my absence from illness. The slips were made up under my own inspection, so that I knew all monies paid in, and could at once check them.

259. You did not pay monies into the bank yourself?—In many cases I did, but not in all cases, slips were made up and given to him.

260. Supposing McGregor paid monies into the bank, should you have deposit receipts?—No; no deposit receipts were got except in special cases; the amount of transactions was so large that they refused to give deposit receipts; they said in a special instance they would do so, but in such large transactions they could not do it in detail.

261. Supposing that McGregor received monies outside, as in this case of the Road Board, and you handed him the monies to pay into the bank, you do not prove that they had been paid in?—Except by the bank book.

262. How often did you have it made up?—Every Saturday.

263. Then, as a general rule, you compared your bank pass-book with your cash-book weekly?—Yes.

264. From your assumption of office?—Yes.

265. Did they always agree?—I never found them wrong.

266. In this case of the £184 did you discover at the end of the week that it had not been paid in?—That I never received. I speak of payments into the bank. No defalcations ever occurred with regard to payments into the bank to my account.

267. There are many amounts paid into your office that never reached the bank?—Yes.

268. What checks were there on those office collections—what steps did you take to see that the monies had reached your hands—was a receipt always given for money when paid into your office?—When monies were paid into my office a receipt or acknowledgment by letter was generally given.

269. It was your practice that receipts should be given for all monies paid in—did you go through those receipts and see that all monies were paid in—had you any record or stamp?—No; there was no receipt book except for monies paid out.

270. What proof was there that those monies ever went to the bank?—I always had the cash book checked with the bank book.

271. So that all the monies that reached your hands were duly entered in the cash book?—Yes; in the cash book or ledger.

272. Had any of those office collections not been entered in the cash book and never came into your hands at all?—Some never came into my hands at all—I mean those embezzled.

273. On the question of those office collections, you say there was no receipt book kept in the office—were there many collections to be found—was there much money paid into the office?—A good deal, but chiefly from out-stations and by bank drafts. I would here remark, that although no butt of a receipt book was kept, all collections on account of Police funds,

Captain Mair,
continued,
16th Sept., 1857.

revenue, &c., made by me were duly entered in a ledger account as received and under each separate head of service. The payments in in cash at Melbourne were comparatively few and confined to two or three officers, such as Mr. Cook, Mr. Freeman, and Mr. Nicolson.

274. How many distinct collections?—It is difficult to say ; probably five or six.

275. It is the practice in most offices to give receipts from a book having a stamp?—We give receipts personally to individuals, but acknowledgments of monies from out-stations would be by letter.

276. Those receipts would of course prove the remittance?—Yes.

277. Now, with regard to payment of salaries into the bank by McGregor, the Board understand you entrusted him with the payment of those monies and that the bank refused to give deposit receipts, what check had you on the payments of those monies into the bank?—The only check was the letter of the officer to whom they were addressed complaining of non-payment.

278. Did those officers acknowledge the receipt of those monies?—Not always ; but if they did not arrive in proper course they would know of the payment, as a circular was also sent, written by another clerk, irrespective of McGregor, stating that those monies had been passed to credit.

279. Then in the event of any one of those officers not examining their pass-book, an interval of a month or two might elapse before the discovery was made?—Yes, in the case of petty sessions, but not so with regard to police salaries, as they were for immediate disbursement to the men, and if they did not come to hand when due, a report would be forwarded to me.

280. If those officers did not acknowledge that receipt would you write to them?—I should take it for granted that they had received the amount, if I had received no report to the contrary.

281. Had you accounts current with the district paymasters?—The district paymasters forwarded me at the end of the month, or when their payments were completed, a statement of account, shewing the balance, if any.

282. They prepared and sent to you a statement of accounts once a month?—Yes.

283. On receiving that statement of account, did you compare it with the account itself in your ledger?—Yes.

284. And saw that it agreed—you entrusted that to McGregor?—I entrusted it to McGregor in the first instance, and examined it afterwards myself.

285. Then there was no check upon him in fact—he might have examined his own falsified accounts and state them to be correct?—No, he could not have done so ; as, after examination, I compared the account and countersigned it. The remittances from out-stations were by drafts ; each required my endorsement and could not be cashed without it.

286. But still he might not have given the information that such monies had not been received?—He might not.

287. When you received statements of accounts from the district paymasters after they were examined, did they go back to the district paymasters?—Yes ; of course.

288. So that if McGregor had made statements that money had been received which had not, it would have been discovered?—Yes.

289. Did McGregor examine those statements of account and not yourself?—They were examined by both.

290. How often did you balance the ledger?—The accounts in the ledger were balanced as nearly as possible monthly.

291. Did you see the balance?—Yes.

292. Did you check it over to see that it was right?—I examined it.

293. Did you compare it with your cash-book?—Yes.

294. Do you recollect when it was that you asked the banks to give deposit receipts?—In the beginning of 1853 I applied for them. They said it was utterly out of the question.

295. Do you get the deposit receipts now?—I do not. I get an acknowledgment merely, with the initials of the clerk, which is really of very little value, for you could not sue upon it.

296. Did you get this formerly?—I did not. I wished a receipt book, and it was provided, as the banks are willing to give receipts.

297. When did you first commence paying accounts to Clerks of Petty Sessions?—In 1853.

298. By whose direction?—By direction of the Attorney General.

299. At that time they were in the Police department?—Under the Chief Commissioner of Police. They were attached to the Police department.

300. And subsequently some alteration was made?—Yes, in the beginning of 1855, on the introduction of responsible government, when they were placed under the Chief Secretary.

301. At the beginning of 1856?—They were placed under the Attorney General.

302. Did you still continue the payment of the Clerks of Petty Sessions?—I still continued it, up to within the last two months.

303. By whose request?—At the request of the Attorney General.

304. Do you recollect that order from the Treasury (*handing to the witness letter 2nd February, 57 | 203, with Note, of 31st January, from the Honorable the Attorney General to the Honorable the Treasurer*)?—Yes ; that was required by the Treasury in consequence of the Attorney General being the responsible head of the department.

305. Did you receive these monies in 1856, as agent for the Attorney General?—Yes, as agent for the Attorney General.

306. What is your opinion about the way in which the Clothing account is kept at present ;

would you suggest any alteration in the mode of keeping it?—I think it would be advisable if it were kept by one person instead of two.

307. Who are the two persons?—The Quartermaster and the Paymaster.

308. You think one should keep it?—I think one person should keep the entire account.

309. Do you think it should be kept in your office?—I think it would be advisable.

310. You think the account could be removed without much labor?—I think so.

311. Going through your office the other day the Board observed a salary register; could you dispense with keeping that?—I do not think it would be possible to do so.

312. Supposing those stoppage sheets were used as you have them at present, would it be necessary to have the salary register as well; could not the stoppage books be kept alphabetically?—I do not think so.

313. It might be kept in the pay office?—I think so.

314. But if in the pay office it is no use keeping it in the Treasury?—I do not see that it is.

315. You say you propose to introduce a system of deposit receipts?—It occurred to me it would be desirable to do so.

316. Are there any other changes you propose to make in keeping the books?—The changes recommended by the Board are keeping the books by double entry from single entry, which I have adopted from the 1st July.

317. Do not you think it would be advisable that the statement of accounts from the district paymasters should be examined by yourself instead of an accountant?—It never was left entirely to an accountant, for they were always submitted to me previous to payments to the officers and examined and signed by me.

318. But you do not compare them with the ledger as in the case of Cook at Richmond?—Yes, but in his case the statement of receipt had been suppressed by McGregor, it therefore escaped detection.

319. It never went into the book at all?—No; no statement went into the book.

320. Are there any other alterations you propose in the books?—I am not aware of any others, except those recommended by the Board.

321. This advance of £15,000, afterwards increased to £18,000, was to be adjusted on the 31st December?—Yes.

322. Will you state the reason why it was not so adjusted?—It was impossible to do so through the large amounts outstanding in the hands of the officers on account of contingencies, &c.

323. On the 8th December there was a minute concerning it, and stating that it must be done on the 31st December?—I wrote to say it was impossible and to recommend its being transferred to the present year.

324. How soon could it have been adjusted?—Without a fresh advance it could not have been adjusted at all as the payments were continuous.

325. Why not close the account?—It was impossible, without stopping the pay of the men altogether.

326. Could it not have been arranged to have had all the accounts and all the balances from the district paymasters to the 31st December, so as to have had a new advance on the 1st January, if previously arranged?—I do not think it was possible, as the payments for December would, in some cases, not have been completed till February.

327. The advance has been adjusted?—Yes.

328. Could it not have been done on the 1st January?—No; it could not have been done correctly.

329. Does that list comprise the whole of the defalcations (*presenting the list*. See Appendix No. 19)?—The whole that I am aware of.

330. We have got an account from the District Road Board, which does not appear—Mr. Carr has just stated they are not forthcoming?—I do not know anything of that—I have had no application on the subject except those two—I have no knowledge of them as defalcations.—(*The witness laid before the Board a further list of assets of McGregor, 15th September*. See Appendix No. 20.)

331. Those statements, amounting to £3450 19s. 5d., contain the whole of the defalcations?—Yes; I believe so.

332. What was the total amount which has been recovered from McGregor?—£1108 2s. 10d., now I think.

333. And what is to come?—Two of the items are objected to—they amount to £25.

334. You have property, consisting of rings, &c., estimated at the value of £108 12s.?—Yes.

335. And you can depend upon receiving £83 18s. 6d.?—I think so.

336. There are two cheques obtained by McGregor from the Treasurer. I should like to know under what arrangements he obtained monies from the Treasury. Had he an order from you to receive money?—Not for those amounts. For that of Piggins an order was sent from an officer in the country, and he (McGregor) got the money on that order.

337. From whom was it received?—From Piggins himself.

338. In whose favor?—I imagine in my favor. It was payable at the Treasury. I never saw the order myself, and the general arrangements at the Treasury were such that McGregor received monies on my account there.

339. You gave a written authority to receive monies for you from the Treasury?—A book of authority was sent to me from the Treasury, with a request that I would insert the

Captain Mac,
continued,
16th Sept., 1857.

name of the chief clerk or the person in my office who was to receive the monies for my department.

340. A written authority, in fact?—Yes.

341. He had a general authority signed by Captain Mac Mahon?—Yes, and first sent by Captain Mac Mahon on his account, and then signed by me for monies on my account.

342. How are these repayments made?—From the out-stations by drafts.

343. Could McGregor cash those drafts?—Never. There is no defalcation in any draft.

344. Then there are monies paid to him at the office?—Yes.

345. By those persons?—Yes, by the offices in town.

346. In the case of Cook, would that be paid in cash?—Yes.

347. Has Cook a receipt from you or McGregor?—From McGregor.

348. And in regard to the other office collections embezzled?—They in the same way were paid to him by the chief officer of the detectives, Mr. Nicolson.

349. And, in fact, McGregor's receipt was in those cases taken as an official document?—Yes, it was. I would here remark, however, in reference to my reply to this question, that I understood it to bear upon the particular receipts given by McGregor for monies which he misappropriated; as I had not given him any general authority to sign receipts for me in his own name, except that which specially applied to the Treasury. (*The witness handed in a list of authorities under which the Petty Sessions monies were received from the Treasury. See Appendix No. 21.*)

350. In going through this list we found great difficulty in connecting those orders with the actual amounts lost?—They were given on previous occasions, and it was not considered necessary to renew them.

351. Given to McGregor himself?—To myself.

352. But it is in cases where orders were in favor of McGregor we found all the difficulty in connecting them with any amount?—Very likely, but that showed that individuals had authorised him to receive for them.

353. Cannot you say what portion of that £903 6s. 8d. which was embezzled was received by McGregor on orders addressed to himself?—I merely forwarded those that I thought bore upon the case.

354. How much of those monies did McGregor receive as though on his own account. In the case of Weston's, for instance; he evidently employed him directly, not the Paymaster of Police at all?—He employed him in this way: He might have wished a portion of his salary to be applied to certain purposes in Melbourne, and he employed him to do those things for him.

355. That alters the question of responsibility; we want to know how much was received in that way?—Weston's is the only one probably.

356. Do you wish to say anything further to the Board?—No.

357. Perhaps you will let the Board have a statement of the monies that McGregor received on orders addressed to himself?—I will do so.

358. McGregor received a sum from the Treasury as agent for Mr. Slade; do you know is the order in existence?—It may be at the Treasury.

359. How do you know he was agent for Mr. Slade?—Merely from hearsay. It must have been a special authority, but I had nothing to do with those payments at all.

360. You had nothing to do with whose payments?—With Slade's and Piggins'.

361. Slade is a superintendent of police?—Yes, but he personally authorised McGregor to receive it for him. He was in town; the vouchers were not just ready when he wished to leave, and he requested McGregor to get the money for him from Treasury.

362. But he could have received the amount under the general authority?—I do not think so. The abstract was in Slade's name, not in mine.

363. McGregor received nothing else under authority of those to whom monies were due?—I think not.

364. Have you anything further to say?—It may be right I should state to the Board that on 10th December last, the Chief Commissioner of Police applied to the Honorable the Chief Secretary, and obtained his sanction that I should from that date act as Commissioner of Police, and assist the Chief Commissioner in his duties generally, in addition to those of my own department, and orders were issued by him to the officers of the force to address all future correspondence of the pay department to the Chief Commissioner, marking the words "Pay Branch" on the left corner. This being, to a certain extent, an amalgamation of the two departments, necessarily placed my late chief clerk and accountant in a position of greater responsibility than before, although I continued the same supervision over the pay department.

The witness withdrew.

Mr. Cooke, Inspector of Police at the Richmond Depot, was called in and examined.


Mr. Cooke,
16th Sept., 1857.

365. *By the Board.*—You are an Inspector of Police?—I am.

366. You received advances from the Paymaster of Police for the payment of the salaries and contingent expenses of your station and district?—I did.

367. We have ascertained that a sum of £379, which was paid by you to McGregor, was embezzled. On what authority did you pay that money to McGregor?—I was always in the habit of settling with McGregor.

368. With McGregor only?—Undoubtedly.

369. Did you then consider his receipt as a full discharge?—Yes. I looked upon  as the authorised person to receive monies. I went by his books. Mr. Cooke;
continued,
16th Sept., 1857.

370. Do you know the items of which the sum of £379 consisted; could you give them?—No, I cannot at this moment do so. There were, I recollect, deductions for clothing and fines, but the £379 is the total amount. It was my first payment to McGregor, and took place about thirteen months ago: he gave me credit in my accounts, but did not, it appears, account to the paymaster for the money. He was to all appearance the managing man in the office, so far as money was concerned; and I always considered him correct, and had great faith in his trustworthiness. He was always understood to be the accountant of the office, and to have entire charge of the accounts.

371. This then was how it happened that you considered McGregor's receipt to be your sufficient discharge?—Yes: and it was so in all cases.

372. Did you ever look into the account in the paymaster's ledger?—I never saw it. I made a remark once or twice that I should like to see the monies entered in the books, when McGregor replied, "No, we never show our books to any one." McGregor always gave me a statement which purported to be from the books, and I had the greatest faith in him to the last, so that I was astonished when I heard that he had embezzled money.

373. Was there an account current or other document passing periodically between you and the paymaster, and showing the state of the account in the books of both?—No; as I have said, McGregor made out a statement when we settled; but there was no account current.

374. You received advances monthly, I understand?—Yes.

375. To what amount?—When in charge of the Depôt and of the County of Bourke, the payments made by me were £2400 a month. Now they are only £700 to £800. I have charge now only of the Depôt.

376. Did you give security?—No; I was not paymaster. That is to say, that I received no additional remuneration whatever for doing the duty of paying the men. District paymasters receive £50 a-year out of the vote for travelling expenses, but in reality because of the additional duty. I received none, and was not a district paymaster. I offered, in fact, to find security, on condition that I should be paid the district paymaster's allowance of £50, but it was not sanctioned, as there was no allowance for paymaster for the County of Bourke.

377. Who pays the men at the Depôt now?—I do. Mr. McCulloch, the officer in charge of the district of Bourke, pays the district.

378. Does he get an allowance for travelling expenses?—Yes; he receives £100 a-year, but not as paymaster, as officer in charge.

379. Does he give security?—I believe not.

380. When you asked McGregor to let you see the entries in the books, and you were refused, did you apply to Captain Mair?—No; I did not, and there doubtless I committed a fault: but I had no reason to suspect anything wrong. He acted to everybody in the same manner as to me, and had done so for years; and I repeat, I had not the remotest suspicion that anything was wrong. Besides, I was placed in a peculiar position. The amount of my advance was insufficient. I had only £1000 to pay £1800 with frequently, and so had to get repayment for some of the accounts; and, in fact, was obliged to have a running account, very much against my inclination, with McGregor.

381. Have you anything to add?—No.

The witness withdrew.

APPENDICES.

No. 1.

No. 56 | 1610.
SIR,

Treasury, Melbourne, 29th April, 1856.

I am instructed by the Treasurer to acknowledge your letter of the 28th instant, forwarding an application for an advance of £15,000 for the service of the Police.

In order to save time, the Treasurer has undertaken the responsibility of directing the advance to be made, although the sanction of His Excellency and the Executive Council to the arrangement to which it relates has not yet been obtained. This, however, will be at once applied for, and the Chief Secretary will then be in a position to issue the necessary authority.

I am to remind you that it will be necessary for yourself and the Chief Commissioner of Police at once to give security to the amount of £2000 (Two thousand pounds) each, and that the Treasurer should be informed of the name of the bank with which you propose to open your account.

It will also be necessary that the cheques drawn upon this account should be signed either by yourself and the Commissioner of Police jointly, or by yourself and your chief clerk, or by the Commissioner of Police and your chief clerk, and that whichever of these three arrangements is adopted should be communicated to me.

I have the honor to be, Sir,

Your most obedient servant,

(For the Treasurer)

W. H. HULL.

The Paymaster of Police, Melbourne.

294 | 56.

I have replied that the Crown Solicitor holds all my deeds in his hands, and only waits instructions from Colonial Treasurer to prepare the bond.

2nd. That the money will continue to be lodged in Bank of Australasia as heretofore.

3rd. That the cheques will be signed by myself and countersigned by my chief clerk.

W. MAIR,

Paymaster.

Pay Office, 5th May, 1856.

14 | 128 | 5.

As no application has been made to me for security, I presume that it is unnecessary that I should take any step in the matter. As soon as I am applied to on the subject, I am prepared to furnish the security required.

6 | 5 | 56.

C. MAC MAHON.

No. 2.

Copy of Minute No. 90.

56 | 3646.

I cannot recommend H. E. in Council to sanction a further advance until it has been satisfactorily shown that the present sum is insufficient. If the Paymaster were to forward vouchers to the Treasury for payment as soon as they reach £500 and over, it would be much more convenient to my department, and would keep him constantly in funds instead of waiting until the whole amount is expended, as he seems to think necessary in the accompanying letter.

(Signed)

CHARLES SLADEN.

30 | 5 | 56.

No. 3.

56 | 1858.

SIR,

Treasury, Melbourne, 13th May, 1856.

With reference to the proposed arrangements for an advance of £15,000 (to be adjusted on the 31st December, 1856), made to yourself and the Paymaster of Police jointly, for the service of the Police Force, I have the honor to state that the manager of the Bank of Australasia, at which bank, as I understand, the account is to be kept, has been informed that cheques upon this account may be drawn either by yourself, or by the Paymaster of Police, but that in every case the cheque must be countersigned.

The counter-signature, provided that it is not that of the drawer of the cheque, may be either your own, or that of the Paymaster, or that of Mr. McGregor, the chief clerk in the Paymaster's Office.

It will be necessary for you, as well as the Paymaster, who has been duly informed, to give security to the amount of £2000, and I have to request you therefore to be good enough to inform me of the nature of the security you propose to give, that the Crown Solicitor may be instructed accordingly.

I have the honor to be, Sir,

Your most obedient servant,

(Signed)

CHARLES SLADEN.

The Chief Commissioner of Police, Melbourne.

No. 4.

56 | 1859.

SIR,

Treasury, Melbourne, 13th May, 1856.

I have the honor to acquaint you, with reference to the public account which has been opened at the Bank of Australasia, by the Chief Commissioner, and Paymaster of Police, that the Chief Commissioner has been informed that all cheques upon this account, drawn either by himself or the Paymaster, must be countersigned; and that the counter-signature may be either his own, or that of the Paymaster, or that of Mr. McGregor, the chief clerk in the pay department: provided that in every case the cheque be drawn by one person, and countersigned by another.

I should wish, if the rules of the Bank will permit, to be furnished every week with a statement of the position of the account.

I have the honor to be, Sir,

Your most obedient servant,

(Signed)

CHARLES SLADEN.

The Manager of the Bank of Australasia, Melbourne.

No. 5.

No. 56 | 376.
SIR,

Bank of Australasia, Melbourne, Victoria, 14th May, 1856.
I do myself the honor of acknowledging receipt of your letter of yesterday's date, instructing us relative to the signatures of cheques to be drawn upon the account opened here in the names of the Chief Commissioner and Paymaster of Police.

Proper attention shall be given to your instructions; and with reference to the concluding paragraph of your letter, I shall be happy to have an extract of the account in question furnished weekly.

I have the honor to be, Sir,

Your obedient servant,

To the Honorable the Treasurer, &c., &c., &c.,
Melbourne.

F. G. SMITH,
Assistant Manager.

No. 6.

56 | 2017.

SIR,

Treasury, Melbourne, 19th May, 1856.
The Paymaster of Police having been required to give security to the Government to the amount of £2000, has stated that you hold in your possession deeds of his, representing property to an amount considerably in excess of that sum, and that it will therefore only be necessary to instruct you to prepare the necessary bond for constituting the deeds in question the security required.

I am directed, under the circumstances, to request you will be good enough to prepare a bond for this purpose accordingly.

I have the honor to be, Sir,

Your most obedient servant,

The Crown Solicitor, Melbourne.

(Signed) W. H. HULL.

No. 7.

56 | 2031.

SIR,

Treasury, Melbourne, 20th May, 1856.
I have the honor to state, with reference to an application from the Paymaster of Police, dated the 23rd instant, for an advance of £1800 (in addition to the general advance of £15,000) to enable him to pay certain arrear accounts for the travelling expenses of Police, transmission of prisoners, fariery, &c., that I hope every effort will be used to make the payments in question out of the sum already advanced. I should, at any rate, require more information than that afforded by the letter of the Paymaster above referred to before I should feel justified in making any further advance; but I hope that on reconsideration it will be found unnecessary to renew the application.

I have the honor to be, Sir,

Your most obedient servant,

The Chief Commissioner of Police, Melbourne.

(Signed) CHARLES SLADEN.

No. 8.

56 | 2056.

SIR,

Treasury, Melbourne, 20th May, 1856.
1. I beg to call your attention to the following irregularities and errors which have been discovered upon the examination of the accounts mentioned in the margin.

Treasury Orders
4264, 4266,
4267, and 4268.

2. These accounts having been paid by the Paymaster out of the £15,000 lately advanced to you for the service of the Police Force, were forwarded as vouchers, in order to procure reimbursement of the accounts involved, in accordance with the arrangements made respecting that advance.

3. The Paymaster obtained repayment accordingly, but upon examination it appears that these accounts are for payments chargeable to the Police Reward Fund, and that therefore they should not have been discharged out of the advance above mentioned, but have been forwarded for direct payment to the Treasury.

4. Under these circumstances, had they come to me in the first instance, I should have declined making any payment upon them; I must request you therefore to instruct the Paymaster of Police in future to confine himself in making payments out of the current advance, to such accounts as are for expenditure incurred under the Estimates for the Police Force, and to permit all payments out of the Police Reward Fund to be made in accordance with the General Regulations.

5. It is however to be further observed that the vouchers are in themselves inaccurate and incomplete, and the payments not in accordance with either the General Regulations or the Regulations respecting the Police Reward Fund.

6. In some of the vouchers I notice that payments of "rewards for the apprehension of prisoners" are included. As such rewards are chargeable to the vote for that purpose under the head of "Police Contingencies," this is clearly inaccurate.

7. Again, the vouchers for pensions do not furnish sufficient particulars as to the pensions paid. The occasion and date on which each pension was granted should be stated.

8. The same remarks apply to the "good conduct" vouchers. Under the 13th clause of the Police Reward Fund Regulations, it is necessary that the amount payable to each member of the Police Force should be entered to his credit in a book, and that the whole should be paid to him in one sum at the end of his time of service. The vouchers for the payment of these sums therefore should show the fact of the recipient having left the service or completed his term in it; but in the vouchers now under notice not only does this not appear, but from the small sums paid I infer (perhaps incorrectly) that the rule above mentioned has not been strictly complied with, and that payment of good conduct pay is sometimes made during their term of service.

9. Again, the vouchers are generally signed by Captain Mair, both as the "Head of the Department" and as the "Officer by whom the expenditure has been incurred." This is now unauthorised, and, as I consider, improper; I must request you therefore to direct the discontinuance of the practice unless in your absence, and that in this case the sanction of the Honorable the Chief Secretary to it may be obtained and communicated to me.

10. In one of the vouchers "George Harrison" signs "as claimant for James Lawton." This is contrary to the 42nd Regulation (of Police Accounts), and were it even in any case permissible the authority for the substitution of names would be required as a matter of course.

11. When it is considered that the books of the Treasury are posted from these vouchers, which are subsequently forwarded to the Audit Office for final audit, it will be seen at once that inaccuracies and errors

such as those above pointed out will, on detection at the Audit Office, render it necessary to alter the entries in my books, and that this not only causes much confusion in, and gives a slovenly appearance to the accounts, but entails double labor to the establishments of this department.

12. It will be obvious, therefore, that in order that the entries in the books of the Treasury may be made expeditiously and prove correct, it is necessary that the vouchers from which they are taken should be made out with accuracy; that each voucher should be confined to one head of service, which should be stated clearly upon it; and that in the accompanying abstract of accounts the several heads should not be mixed together, *e. g.* by confusing payments under the general Estimates with those out of the Police Reward Fund, or the service of the General Police with that of the Detective Force.

13. Under the system now in force, it is the Treasurer who will be held responsible by the Auditor General for the errors in these vouchers, and there is little doubt therefore that I shall find myself surcharged accordingly to the amount of them. Now it is my duty to point them out to you, and to urge upon you the absolute necessity of steps being taken to prevent their recurrence.

I have the honor to be, Sir,

Your most obedient servant,

(Signed) CHARLES SLADEN.

The Chief Commissioner of Police, Melbourne.

No. 9.

56 | 2475.

SIR,

Treasury, Melbourne, 18th June, 1856.

I am directed to acknowledge your letter of the 2nd instant, forwarding one addressed to you by the Paymaster of Police, relative to the letter from this department of the 20th ultimo, and also enclosing a further letter from the Paymaster soliciting instructions upon certain points.

With reference to Captain Mair's statements relative to rewards for the apprehension of prisoners, I am to point out that no alteration that the Treasurer is aware of has been made in the regulations for the Police Reward Fund, which would enable him to debit the fund in question with these payments.

As regards the payment of "good conduct pay," the date of discharge, or of the termination of the term of service, should in every case be stated in the voucher, but according to the regulations now in force, payment may, in the Treasurer's opinion, be made at the end of a constable's specified term of service, even if he should not leave the force.

With respect to the signature to be attached to the vouchers, the Treasurer considers that, since you are responsible for the payments, and having regard to the large advance now made to you, these signatures should be your own, and I am to point that in any event an authority for Captain Mair to sign for you should be obtained previous to his doing so.

In fine, the Treasurer would wish to impress upon the Paymaster the necessity of strict attention being paid to all regulations respecting public accounts, and he trusts that this may be the case in future.

I have the honor to be, Sir,

Your most obedient servant,

(Signed) W. H. HULL.

The Chief Commissioner of Police.

No. 10.

Copy of Minute No. 197.

4101.

I can scarcely think it sufficient ground for me to recommend a further advance, that on account of the want of accuracy in the vouchers sent to the Paymaster by officers of the Police, they have to be returned for amendment, which causes delay in procuring reimbursement from the Treasury. I am sensible of the evils of the delays caused, but do not admit their remedy lies with me.

26 | 6 | 56.

(Signed)

C. SLADEN.

No. 11.

56 | 3887.

SIR,

Treasury, Melbourne, 6th September, 1856.

Abstract and for expenses.

I am directed to return to you the accompanying abstract and vouchers for expenses of the Police Service Department, which have been received from the Paymaster of Police. I am to request your particular attention to the want of care, and of observance of the Regulations for Public Accounts, exhibited by the Paymaster of Police in forwarding these accounts to the Treasury in so incomplete a state.

I have the honor to be, Sir,

Your most obedient servant,

(Signed) W. H. HULL.

The Chief Commissioner of Police, Melbourne.

No. 12.

56 | 4548.

SIR,

Treasury, Melbourne, 20th October, 1856.

Treasurer to Chief Commissioner of Police of 18th Sept., No. 3887. Commissioner of Police to the Treasurer, enclosing letter of Paymaster of Police, of 15th Sept.

I regret to be obliged to call your attention to the accompanying correspondence upon the subject of the accounts of the department of "Magistrates' Clerks," which, so far as payment of accounts is concerned, has been placed under the management of the Paymaster of Police.

Following the divisions in Captain Mair's letter, I begin with the first paragraph, in which he complains that the charge of want of care is unfounded; I have looked through the vouchers carefully, and I must say that they are not prepared in such a manner as ought to be expected from an officer of the standing of the Paymaster. The abstract should have been prepared more systematically, for the sake of convenience in posting. The items in it should be numbered and arranged under the different votes to which they are severally chargeable, and the total amount charged to each vote distinctly shown.

2. Not one of the vouchers accompanying the abstract is made out correctly.

The name of the department for which the expenditure is incurred, and which requires to be clearly set out according to the heads of the Estimates, so that clerks may know to what head they are to post, is in every case wrong.

There is no such department as Petty Sessions in the Estimates, and therefore the amounts should not have been so headed; but as altered to Administration of Justice, they are right.

The particular vote under that general head to which the items are chargeable should be "Stipendiary Magistrates and Clerks." The certificates at the foot of the vouchers do not refer to any authority. The "authority of General Regulations" means nothing. The authority for the expenditure should be referred to by its particular number, as issued by the Attorney General.

The Paymaster's signature was wanting to several of the vouchers when they were originally sent in, and has since been added.

The receipts at the foot are filled up differently,—in some from "the Treasurer," in others from "Wm. Mair, Esq." The latter is correct; the former is not. Many of the forms used are wrong, so that the certificates are of no value.

Many of the errors may appear trivial in themselves, but the accumulation of them throws unlimited work upon the clerks in the Treasury, whereas it is expected that officers in the service should send in their accounts in a perfect state.

Referring to the second paragraph of the Paymaster's letter, he, as well as every other officer charged with the accounts of a department, has been instructed by me to do that which he complains of, because it is more than is required in the 30th clause of the Regulations. But I trust he will not object to carry out my instructions with regard to the manner of preparing and sending in accounts.

On paragraph 3, I would observe that if he sends verbal messages for instructions, he must not expect more than verbal answer. I can only add that the greatest patience is exercised with his accounts, within my own knowledge.

On paragraph 4, the defects pointed out by me, and which are only some of them, should have been apparent to the Paymaster; but they were in many instances indicated by pencil marks.

Captain Mair is wrong in supposing that improper representations have been made to me by any one in the office. I have satisfied myself of the great want of care in the preparation of his accounts from personal inspection, and therefore I instructed Mr. Hull to write to him the letter complained of, a copy of which is sent herewith. Treasury letter to
Captain Mair.

The Attorney General.

I have the honor to be, Sir,
Your most obedient servant,
(Signed) CHARLES SLADEN.

No. 13.

56 | 4390.

SIR,

I am directed to point out to you that vouchers for Police payments made in the months of January, February, March, April, May, June, and July, have been received from your department, at the same time as vouchers for payments made in August and September.

The Treasurer would wish to be informed of the reason of this delay, as it is most important both that vouchers should be forwarded to the Treasury as soon as possible after payment, and that payment should be made as soon as possible after becoming due.

The Chief Commissioner of Police, Melbourne.

I have the honor to be, Sir,
Your most obedient servant,
(Signed) W. H. HULL.

No. 14.

Copy of Minute No. 654.

6477. C. C. Police.

I only pointed out the fact, and I am surprised that the Paymaster was not aware of it. As the year is now drawing to a close, and I am anxious to get as many as possible of the accounts of 1856 paid and brought to account in my books before 31st December, I must request the Commissioner to use every exertion in discharging all liabilities with despatch.

(Signed) CHARLES SLADEN.

No. 15.

56 | 5215.

SIR,

I am directed by the Honorable the Treasurer to point out that all advances from the public funds, for whatever purposes they may have been made, must be adjusted, at the latest, by the 31st December.

The Treasurer is particularly desirous for the adjustment of these advances to be effected, without exception, by the day named.

The Chief Commissioner of Police, Melbourne.

I have the honor to be, Sir,
Your most obedient servant,
(Signed) W. H. HULL.

No. 16.

Minute.

56 | 5531.

With reference to the advance of £18,000 made for the service of the General Police Force, will Captain Mac Mahon have the goodness to inform me how that amount is now distributed, in whose hands, and at what places, and how long each sum has been out of the hands of the Paymaster.

The Chief Commissioner of Police, Melbourne.

(Signed) CHARLES SLADEN.

No. 17.

57 | 277.
SIR,

Treasury, Melbourne, 22nd January, 1857.

I am directed to request that you will be good enough to instruct the Paymaster of Police to make periodic payments into the Treasury, as prescribed by general regulations respecting the collection of revenue. Such payments should be accompanied by vouchers, showing the amount collected respectively in the periods from the first to the seventh, from the eighth to the fifteenth, from the sixteenth to the twenty-second, and from the twenty-third to the end of each month; and when no collections shall be made in any of these periods, the return should still be furnished filled up as "Nil."

The Chief Commissioner of Police, Melbourne.

I have the honor to be, Sir,
Your most obedient servant,
(Signed) W. H. HULL.

No. 18.

57 | 1022.
SIR,

Treasury, Melbourne, 9th March, 1857.

I do myself the honor to inform you that I have instructed Mr. Agg to inspect the books and accounts of your office, so far as they relate to the advance of £18,250, which was made to you in 1856 for the General and Detective Police Force, with the advance of £3921 made in the present year, for the payment of some of the January salaries in the General Police Force.

The Chief Commissioner of Police, Melbourne.

I have the honor to be, Sir,
Your most obedient servant,
(Signed) CHARLES SLADEN.

No. 19.

DEFALCATIONS of MCGREGOR, Clerk in Office of Paymaster of Police.

SUMS UNACCOUNTED FOR.	Cheques of Paymaster of Police.	OFFICE COLLECTIONS.					Cheques of Treasurer.	Repayments by Officers of Police of advances made to them by Paymaster.	Total unaccounted for.
		Medical Attendance Fund.	Police Fines.	Clothing Fund.	Special Services.	For Revenue.			
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Received from Paymaster for Police expenses	294 2 8	...	...	...	...	...	...	...	294 2 8
Received from Paymaster for transmission to various Police Officers as advances to meet current expenses	870 0 0	...	...	...	...	...	...	...	870 0 0
Received from Paymaster for payment of salaries, Stipendiary Magistrates and Clerks of Petty Sessions	903 6 8	...	...	...	...	...	...	...	903 6 8
Received from Paymaster for D. Burke—Good conduct pay	9 2 6	...	...	...	...	...	...	...	9 2 6
Office Collections ... ..	...	...	74 10 0	281 5 9	...	7 12 5	...	...	363 8 2
Received from Treasury on an order from Piggins in favor Capt. Mair	...	...	...	...	...	...	39 0 0	...	39 0 0
Received from Treasury by McGregor as agent for Mr. Slade ...	...	...	...	...	...	...	79 6 6	...	79 6 6
Received from the Central Road Board, not on the written authority of the Paymaster of Police	...	...	...	...	...	184 5 6	...	...	184 5 6
Received from Mr. Inspector Cooke repayment of an advance received from the Paymaster of Police	...	...	...	...	...	...	...	379 1 7	379 1 7
Received from H. M. Chomley repayment of an advance received by him from the Paymaster of Police	...	...	...	...	...	...	...	11 0 0	11 0 0
Received from Mr. Nicolson repayment of advance made to him by the Paymaster of Police	...	...	...	...	...	...	...	10 0 0	10 0 0
Received from Mr. Cobham repayment of advance made to him by the Paymaster of Police	...	...	...	...	...	...	...	58 15 3	58 15 3
TOTALS	£2,076 11 10	...	74 10 0	281 5 9	...	191 17 11	118 6 6	458 16 10	3,201 8 10
Recovered from McGregor ... ..	...	...	...	...	...	...	...	...	1,108 10 2
BALANCE ... ..	...	...	...	...	...	...	...	...	2,092 18 8
Various amounts as per List, believed to have been embezzled by McGregor	...	...	...	...	...	242 10 7½	...	...	242 10 7½
						434 8 6½	...	...	2,335 9 3½
Amount received from Central Road Board on 3rd December, 1856, on account of Constables Kennedy and Lannigan, but which does not appear to have been accounted for	...	...	...	...	...	...	Cheque Central Road Board. 7 0 0	...	7 0 0
							7 0 0	...	2,342 9 3½

No. 20.

AMOUNTS due to J. G. McGregor, 15th September, 1857.		£	s.	d.
L. Kabot	...	37	18	6
L. Kossack	...	5	0	0
— Foster, Ballarat,	...	5	0	0
John Steel, Windsor.	...	30	0	0
— Yabbicom	...	6	0	0
Capt. Holland*	...	5	0	0
D. Armstrong*	...	20	0	0
		<hr/>		
		108	18	6

* These two amounts are objected to.

ASSETS.		£	s.	d.
2 diamond studs, say	...	40	0	0
1 do. ring, say	...	20	0	0
1 emerald do., say	...	12	12	0
1 signet do., say	...	4	0	0
1 gold watch and chain, say	...	20	0	0
1 do. do. guard, say	...	4	0	0
1 opera glass, say	...	3	0	0
1 oil picture, say	...	5	0	0
		<hr/>		
		108	12	0
		<hr/>		
		£217	10	6

No. 21.

LIST OF AUTHORITIES.

Paymaster. J. G. McGregor.		Paymaster. J. G. McGregor.	
Chas. Shuter	...	S. Lapham	...
J. C. Garnet	...	C. W. Minchin	...
T. A. Arnold	...	J. Lightfoot	...
B. B. Creagh	...	F. L. Lempriere	...
J. Coffin	...	F. K. Orme	...
E. H. Sirr	...	C. Featherstonhaugh	...
F. G. Hinsby	...	R. Garton	...
G. Stewart	...	C. C. Weston	...
C. C. Weston	...	John Nott...	...
Wm. Lavender	...	W. Hogarth	...
Wm. Hogarth	...	— Garnett	...
L. Gilles	...	S. de Vignoles	...
J. M. Ardlic	...	A. Slade	...

No. 22.

56 | R 6333.

SIR,

Attorney General's Chambers, 7th November, 1856.

With a view of preventing the recurrence of the informalities pointed out by your letter of the 20th ultimo, I have the honor to suggest that instead of the present arrangement, by which the payment of salaries and expenses of Police Magistrates and clerks is placed under the Paymaster of Police, those salaries and expenses should be paid on the certificate of the Police Magistrate, or, in his absence, the Chairman of the Bench, or if no Chairman is accessible, that the payment should be made direct to the Clerk of Petty Sessions; this proposed arrangement to come in force on the 1st January, 1857.

I have the honor to be, Sir,

Your obedient servant,

WILLIAM F. STAWELL.

The Honorable the Treasurer.

No. 23.

57 | 203.

SIR,

Attorney General's Chambers, 2nd February, 1857.

Referring to my letter of 7th November, I have the honor to suggest that until the Estimates have been passed the present system of payment of the department of Petty Sessions should be adhered to.

I have the honor to be, Sir,

Your obedient servant,

WILLIAM F. STAWELL.

The Honorable the Treasurer.

No. 24.

SIR,

Melbourne, 31st January, 1856.

I have the honor to request that all payments on account of Petty Sessions from the Treasury for the present year may be issued to the Paymaster of Police for disbursement, on his signing the necessary receipts.

I have, &c.,

(Signed)

WILLIAM STAWELL,

The Honorable the Colonial Treasurer, &c., &c.