

In what form were these amounts paid to the Superintendent? In cash, as I happened to have as much money in hand at the time, having the Superintendent's letter of authority to keep £400 to £500 of cash by me, to meet demands by persons from the country, should I happen to be out of the way, or if they called after bank hours.

*Mr. Tarlton.*—Was the cash given to the Superintendent, on both occasions referred to, out of the Public Treasury? Yes.

Was the Superintendent aware, when he got it, that it was from the public funds? Yes.

Please explain how you know that he was aware of this? I told him at the time that I could not give it to him otherwise than from that source. He perfectly knew it.

*The Speaker.*—Can you give us any information about the balances on the 30th June, belonging to Education and Roads accounts? Where were they at that time? They were in my hands, not in the Bank. The day after the Auditors' Report (1st July) there was no balance in my hand on Education account, except a few shillings; and in regard to the Road Board balance, I made known to the Superintendent, on his entering office, that such a balance was in my hands, and on the Auditors wishing the sum to be placed in Bank, I suggested to the Superintendent that it should be placed at once in the Provincial account.

*By Mr. Tarlton.*—Have you lent the Superintendent on any other occasion any sums belonging to the public funds? On one occasion only, the Superintendent received from me the sum of £500, which he said he required to retire some obligation of Mr. Reynolds, which he said that gentleman had omitted to leave funds for on going from home, I think to Nelson; that sum was repaid on the following day. The witness on being referred to answers No. 33 and No. 53, explained that as the Superintendent had not repaid the whole of the money, he had applied part of the Road balances in liquidation of the amount deficient on Provincial account; also that as the Superintendent had been repaying the amount borrowed gradually, the Superintendent was owing only £400 at the time he stated so to Mr. Kilgour. This was at the time of the second audit. With reference to the Provincial Accountant's recommendation, that bank cheques and deposits should be entered through the cash-book, witness said:—I recollect Mr. Street showing me his report; I distinctly remember his saying to me that it was unnecessary this course should be followed in my case, as I had found security for my intrusions.

*Chairman.*—Would you state any circumstances that would show that the Superintendent knew that these moneys he asked and got from you were public moneys? I remonstrated with him at the time on the impropriety of the transaction, and very frequently since have done the same.

Mr. LOGAN, Superintendent's Clerk, examined by the Chairman.

Have you any documents relative to the payment of Emigration moneys? (Mr. Logan then produced documents C, D, and E, Appendix.)

In reference to the Bill of Exchange, £1000, Clutha Coal Field, do you know whether this was remitted? I produce a copy of a letter in the letter-book of the 8th of May, 1860. (*Vide Appendix F.*)

Did you see the Bill of Exchange therein referred to? I did not; the letter lay on my table for a considerable time, at least for a fortnight, and on placing it along with other documents before the Superintendent immediately before his proceeding to Wellington, about May last, he said he would attend to it, and I never saw it since.

Has any letter arrived from the Home Agents acknowledging the receipt of that letter of the 8th May? There has not.

Have any letters of later date been acknowledged by the Home Agents? Yes, my letters of the 26th May and 4th July have been acknowledged by Messrs. Crawford and Auld's letter of 26th September. (*Vide Appendix G.*)

Have you received the Despatch of the 24th of August above alluded to? I have never seen it.

Have you the copy of it referred to as having been enclosed? I have never seen it, and on asking the Superintendent who opened the letter of the 25th September, he stated that I had received all he had received along with other documents.

*By the Speaker.*—When the Superintendent instructed you to prepare the second warrants, substituting the name of James Macandrew and Co. for James Macandrew and W. H. Reynolds, what reason did he assign for such substitution? He said that Reynolds had nothing to do with it; it was not under the contract. I produce letters as to "Gala" being under the contract. (*Appendix H. and J.*)

In reference to that £1000 for the Clutha Coal Field, did you receive that money from the Bank? Yes.

To whom did you give it? To the Superintendent.

SATURDAY, DECEMBER 15, 10 A.M.

At a Meeting of the Select Committee on the Public Accounts, *Present*—Messrs. Gillies, Tarlton, Walker, Dick, and the Speaker; Mr. Gillies in the Chair.

JAMES PATERSON, Merchant, of the firm of J. Paterson and Co., examined.

*The Chairman.*—We find among the public vouchers the Superintendent's warrant to pay to your firm £1000 for a Bill of Exchange on account of the Clutha Coal Field, and a receipt by your firm for this amount. Has your firm received that £1000? No.

Has your firm granted any Bill of Exchange for that amount? No.

Then what is the nature of the transaction, so far as your firm is concerned? It was an order received by us from the Superintendent for some railway plant to be ordered by us from our agents at home, on account of which the Superintendent was to remit £1000 to the Government Agent at home, who was to pay to our agents the amount on production of invoice and bill of lading.

Have you any evidence of this transaction? I have the Superintendent's letter, which I produce. (*Appendix K.*)