

apparent that in the course of their investigations they would have to deal with subjects of the utmost delicacy, bearing upon the conduct and character of officials of high position in the Government. This painful conviction rendered it necessary to advance with the utmost caution; and while scrupulously avoiding the semblance of disrespect and suspicion, to fulfil without hesitation and honestly the duties which the interests of the Province imperatively demanded. The evidence taken by your Committee they now lay upon the Table, together with their correspondence with His Honor the Superintendent in regard to the matters herein specially referred to.

Taking the Auditors' Reports with His Honor's explanations thereon, laid before the Council, as the basis of their examination, they found that there were three points which particularly deserved investigation.

1. In reference to the item referred to in the Auditors' Report—Immigration per "Gala," £1712, —Messrs. J. Macandrew and Co., the Immigration contractors, on 15th December, 1857, appear to have authorized all moneys falling due under that contract to be paid to John Gladstone and Co., or as that firm "may from time to time direct," and about the same date Messrs. Gladstone ordered these moneys to be paid to Messrs. James Macandrew and A. W. Morris, jointly, on their (Messrs. Gladstone's) account. This authority seems to have been recognized and acted upon by the Provincial Government until June, 1859, when Mr. Morris having applied to be relieved of this agency, Messrs. Gladstone and Co. appointed Messrs. James Macandrew and W. H. Reynolds to receive these moneys on their account "upon their giving their joint receipts for the same." This authority also was recognized by the Superintendent's letter of the 27th August, 1859, and was acted upon in every case of payment of these moneys until the "Gala" money became due.

On 25th February last, Mr. Macandrew, as Superintendent, issued a warrant for payment of the "Gala" money in favour of himself and Mr. Reynolds "for John Gladstone and Co.," and, in his capacity of agent for Messrs. Gladstone signed a receipt for that money, which the receipt states "is paid to James Macandrew and W. H. Reynolds on account of John Gladstone and Co., in terms of their and Messrs. James Macandrew and Co.'s authority." The Treasurer paid the money to Mr. Macandrew upon this receipt on the faith of Mr. Reynolds afterwards signing the voucher, which he refuses to do. His Honor the Superintendent, a few weeks ago, issued a new warrant for the amount in favour of James Macandrew and Co., and, in his character of sole partner of that firm, signed a receipt for the amount which he requested the Treasurer to substitute for the original warrant and voucher, and to deliver up the original, which however the Treasurer very properly declined to do. Evidence has been submitted to your Committee that the "Gala" passage-money had not in September last been paid to the parties authorized to receive it.

With regard to this matter, your Committee remark, that the payment of the "Gala" money to the receipt of Mr. Macandrew alone, when the warrant was drawn in favour of Mr. Macandrew and Mr. Reynolds jointly, appears to them to have been an irregular and improper transaction; while the substitution of another warrant, drawn in favour of J. Macandrew and Co., and receipted by that firm, when the warrant first issued had been already paid, and the receipt of Mr. Reynolds could not be obtained, they are obliged to characterize as only an evasion of the impropriety, which meets neither the moral nor legal necessities of the case.

2. In reference to the item—"Clutha Coal Field, £1000," it appears that on 7th May last His Honor the Superintendent ordered certain railway plant, required for the Clutha Coal Field, from James Paterson and Co., upon the terms that he would at once remit to the Provincial Agents in Britain, by Bill of Exchange, £1000 to be applied in payment of the plant ordered, on production by Messrs. J. Paterson and Co.'s correspondents in Britain to the Provincial Agents of an invoice and bill of lading. His Honor the Superintendent on that date issued a warrant in favour of James Paterson and Co. for the £1000, and, on His Honor's statement that the money was remitted, James Paterson and Co. signed a receipt for the amount. The money was drawn from the Bank by Mr. Logan, the Superintendent's clerk, and by him was handed to the Superintendent.

If this sum has been remitted to the Home Agents, the transaction is monetarily all right; but your Committee can find no satisfactory evidence of such being the case, although they have endeavoured to obtain the third of exchange, or any other evidence which His Honor might be able to afford. They find a copy letter in His Honor's letter-book to the Home Agents, dated 8th May last, saying that such a bill of exchange is enclosed; but this letter was still in the Superintendent's office about the 26th May, and the Superintendent's clerk does not know of its being posted, and never saw the alleged enclosure. Although the receipt of two letters, of subsequent dates (26th May and 4th July), are acknowledged by the Home Agents, there appears no acknowledgment of the letter of 8th May. One letter of the Home Agents, however, of 24th August, seems to have gone astray; and, strange to say, the duplicate of it, enclosed in the Agents' letter of 15th September, seems also somehow to have disappeared. That letter might possibly acknowledge the Superintendent's Bill of Exchange and letter of 8th May.

It appears to your Committee that, if it were necessary to remit to the Home Agents, the Bill of Exchange ought to have been obtained through the Treasury Department, and, at any rate, that the third of exchange should have been filed along with the warrant, as a voucher, instead of a receipt by James Paterson and Co., who never either granted the Bill of Exchange or received the money.

3. The Auditors' Report states that on the 30th June last the cash balance in the Bank was £1073 15s. 4d. less than the balance which appears by the books at the debit of the Treasurer. This statement has occupied the attention of the Committee to a considerable extent, as such a discrepancy, if unexplained, must naturally produce in the public mind suspicion and distrust as to the management and administration of the public funds. The explanation of His Honor, appended to the Report, has also engaged our notice. On application to the Treasurer for an explanation, he states, with a circumstantiality that carries conviction of the truth of the statement, that the whole of that sum was on the 30th June in the Superintendent's hands; that the Superintendent, knowing it to be public money, obtained it in two sums of £486 and £600 in February and March last, on urgent statements of temporary necessity. The statement of the Treasurer is corroborated by a letter to His Honor of