

*Hon. P. Whitaker.* 102. Mr. Russell?—Yes. There were a number of shareholders. They are all registered shareholders. You can have a list of them. I was one of the principal shareholders, I think—probably the largest; but I am not sure whether I was the largest.

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103. That was the road upon which the Waiotahi people had spent their money. That is the only main road?—I do not know what the boundary of the district is, but that is the principal road no doubt.

104. It was for this that the money was got that was to recoup the money they had already spent, and incurred an overdraft at the Bank?—That was as I understood it, but I did not go into the thing at all.

105. Did you advise, may I ask—I do not know whether it is a question I have a right to ask?—If you ask it, I will tell you at once.

106. Did you advise as to the legal power?—As I understand, all opinions given to the Government by the Attorney-General are confidential. I did not advise. I answer that question because I am personally concerned as a shareholder in the Company; but as a rule I should decline to answer such questions, because opinions are always considered confidential, and not to be made public.

107. Then, if there was any communication in relation to the Waiotahi Board on the part of Mr. Macdonald or anybody else, it must have been with the Treasurer himself?—It must have been with the Treasurer himself.

108. *Sir George Grey.*] I should like to ask whether Mr. Brodie was the agent or manager of that Company?—He had charge of the battery. When you ask if he was manager, I may explain that the battery had ceased to work long before the work on which the money had been spent was done, and the place was locked up and not used. He was simply looking after it.

109. He was paid for looking after it?—Yes, he was paid for looking after it.

The Hon. the COLONIAL TREASURER examined.

110. *The Chairman.*] I presume you have no objection to give evidence?—Not the slightest.

111. You were aware of the circumstances under which the Thames Borough overdraft was paid off, as Colonial Treasurer?—Yes.

112. It was upon the decision of the Cabinet?—Yes.

113. Can you point to the legal authority under which that payment was made?—Under the Financial Arrangements Act, section 19, and the Provincial Appropriations Extension Act. The one Act covered the other. It was provided for under one Act, and paid under the other.

114. Had that particular expenditure been authorized by the Governor under "The Abolition of Provinces Act, 1875," or was it the Financial Appropriations Act?—Yes; I think it had. I think "The Financial Appropriations Act, 1875," provides that any such payment can be made, provided the estimated revenue exceeds the expenditure of the particular province.

115. Suppose the revenue in any particular province exceeds the estimated expenditure, then that excess may be expended upon such works in the province as may be agreed upon between the Government and the province?—Yes.

116. Had this particular payment been so agreed upon?—Yes. The legal definition of the revenue of a province under the Act is anything the Superintendent may estimate and the Governor approve. There is no such thing as actual revenue as distinguished from estimated. The Governor's approval makes it actual revenue for the purposes of the Act.

117. *Mr. Rees.*] Under which section?—Section 4. (Read the clause.) That hinges upon the former clause.

118. *The Chairman.*] Do you consider this payment came under the head of "Grants to Road Boards" or other local bodies?—No; under the head "Other Services."

119. But it was not paid upon the joint agreement of the Governor and the Superintendent?—Yes; upon the recommendation of the Executive Officer, approved by His Excellency the Governor before the 31st December.

120. *Mr. Rees.*] Did I understand you to say it was upon the joint recommendation of the Superintendent and Governor?—Well, it was not the Superintendent, because the Superintendent was not then acting. Mr. Wood was then Executive Officer, and it was upon his recommendation.

121. *The Chairman.*] But it was after the Abolition Act came into force?—It was under the Act of 1876. It was not made until after the House rose, or else it would not have been made under the Financial Arrangements Act, but under the Provincial Appropriations Act.

122. Oh, then, the promise to pay this overdraft had been made before the House rose?—Yes; the promise was made. A deputation waited upon me, and the matter was subsequently brought before the Cabinet, and upon the approval of the Cabinet, a promise was made, by me, to recommend the House to pay this overdraft off as a provincial liability. I then thought that the question of provincial liability would be brought before the House that session; but upon consideration it was found impossible. We had no time or information to consider these matters then.

123. Before the promise was made, the payment of that money had been recommended, not by the Superintendent, but by the person authorized to make such recommendation?—The promise made to the deputation in September was that the Government would recommend the House to pay the overdraft as provincial liabilities.

124. Then the recommendation of the Executive Officer was given afterwards?—Yes. It is perhaps right, as Mr. Whitaker has been questioned, to say that he never had any conversation with me to induce me to make this payment. My recommendation was based upon the representations of Mr. Rowe and Mr. Macdonald. Mr. Whitaker never recommended the Cabinet anything whatever.

125. *Mr. Montgomery.*] When was the recommendation made to the Government by the officer administering the Government?—It was made in December, when the whole thing was wound up;—everything outstanding was wound up.

*Hon. Colonial Treasurer.*

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