

67. The absolute necessity of corrections to that amount has not been settled, I presume?—It is *Hon. Mr. Bal-*
an estimate purely. *lance, M.H.E.*

68. That amount of money is suspended because the Surveyor-General is of opinion that corrections will have to be made?—That is so. 23rd Aug., 1878.

69. The arrears of survey of Nelson and Wellington have become charged to the consolidated revenue, or will become so charged?—That of Nelson was included last year in provincial liabilities.

70. Then will it be charged to Loan Account?—It will be charged to a fund to provide for provincial liability, partly loan, and partly against receipts shown as special receipts in the Consolidated Fund.

71. The £22,000 against Nelson will not be paid in this way. It will be paid by the colony in general?—By the colony.

72. Therefore the arrears in the other parts of the colony on the same footing as Nelson will be charged against the colony?—Yes.

73. *Mr. Stevens.*] Are you aware of the terms of section 4 and subsection 1 of the Financial Arrangements Act? Are you aware that it says that a separate account shall be charged with the sums appropriated from time to time, for the expenses of survey and the administration of the waste lands in the district?—Yes; that is in the Act of 1876.

74. There is nothing about it in the Act of 1877?—That is the Act which made the cost of survey charges chargeable against the provincial districts.

75. I did not ask you that question. Please to state upon what clause of the Act the Government rely for the course they have adopted?—I said that we had an equitable right, supported by the Financial Arrangements Act.

76. Section 9 states how the payment will be made?—Yes; in the Act of 1876, which lays down the principle upon which the appropriation should take place.

77. And the charges against the Land Fund for that year. We understood clearly that the Act lays down the charges to be made against the Land Fund for the year, and how the surplus moneys are to be paid?—Yes.

TUESDAY, 27TH AUGUST, 1878.

Mr. J. E. FITZGERALD, examined.

77A. *The Chairman.*] Mr. FitzGerald, the Committee are inquiring into the circumstances under which the sum of £100,000 was paid out of the Consolidated Fund during the last financial year, in repayment of advances upon the Lyttelton Harbour works debentures; and they are also inquiring into the circumstances under which the same sum was deducted from the accumulated Land Fund otherwise distributable amongst the local bodies. Would you be good enough to state the facts, so far as they have come under the notice of your department; and also with regard to the sum of £127,000, which has been similarly deducted?—With regard to the latter part (£127,000) nothing has been done. No movement of public moneys has taken place at all.

78. It was the £100,000 Lyttelton Harbour works debentures that I referred to?—With regard to the Lyttelton Harbour works debentures, the money had been advanced by one or two banks, and had to be paid off when the bills, or whatever other form it was in, came due.

79. That was the £100,000?—Yes. I was not aware the Committee were going to ask any questions about this matter, or I would have refreshed my memory by referring to the papers. To the best of my recollection, there was no question about this being payable. There was legal authority for paying the banks, but I do not remember at this moment how it was charged. I remember that a voucher was sent up to us for removing the sum of £100,000 to provincial liabilities, and which we declined to pass. I have got the memorandum here which we wrote, and which states the views which the Commissioners of Audit took on the subject of the Canterbury Land Fund. [Memorandum put in.] That was the memorandum we wrote on the general subject of not making payments out of the Land Fund to the Road Boards and counties. Of course, the Committee are aware that we have nothing to do with the question of the money being left in the account. Our only duty consisted in not paying it illegally. We had no power whatever as to requiring that the Government should pay it.

80. In that memorandum you put in, you refer to another memorandum?—This is the memorandum, I suppose, to which I referred, but I am not sure what account it refers to. [Memorandum put in.] The Land Fund account was virtually kept open, and we thought it ought not to be kept open, but that it ought to be closed according to law, and the balance paid over to the Road Boards and counties. The £100,000 was payable to the banks from whom the money was borrowed. The only question was against what account it was to be charged.

81. But the payment of the £100,000 was in accordance with law, and was passed by the Audit?—Yes; upon the ground that all loans are ultimately payable out of the Consolidated Fund. I forget exactly how it stood charged. It was payable to the banks out of the Consolidated Fund, and was paid out of the Consolidated Fund.

82. *Mr. Johnston.*] You mean the Land Fund accruing from the 1st January?—After the 1st January there was no separate Land Fund. There ought to be no money in the Consolidated Fund accruing from land before the 1st January, because Parliament had appropriated the whole of that balance. The first part of that memorandum referred to the Treasury having kept open the account for the purpose of bringing in moneys received after the 31st December, but properly belonging to the period before it, and all charges that were thought to be properly charged on the Land Fund prior to the 31st December; so that the balance to be dealt with would not be the actual balance in the books on the 31st December, but a balance resulting from all the transactions thought properly to belong to the period before the 31st December.

83. *Major Atkinson.*] Under the Financial Arrangements Act of last session, did the balance of Land Fund which had been appropriated by law to certain purposes—the balance arising at the end of the year (31st December)—become consolidated revenue on the 1st of January?—No;

Mr. J. E. Fitz-
Gerald.

27th Aug., 1878.