

101. *Hon. Mr. Ballance.*] As a matter of fact the loan has never been issued?—The permanent loan has never been issued. *Mr. J. E. Fitz-Gerald.*

102. And the clause you have just read contemplates the issue of the loan?—The loan was issued, but it has been paid off. 27th Aug., 1878.

103. How was it issued?—In the form of hypothecation.

104. Would you call an advance from a bank the issue of a loan?—Yes, it has the same effect legally, because all these loans are authorized to be raised by hypothecation. I should say, if you raise the money, you issue the loan. You are doing it every day with regard to the £800,000 guaranteed debentures. You have raised money on them, hypothecated them several times over, and paid it off again. You paid off the whole £800,000 the other day exactly in the same way.

105. *Major Atkinson.*] There was no authority under any Act for charging these against the Canterbury Land Fund?—No; the only authority that stands on the law for charging it is, that it is to be charged as part of the permanent debt of Canterbury.

106. *Mr. Montgomery.*] This is not a charge for the capital amount?—A permanent charge means on capital amount.

107. *Hon. Mr. Ballance.*] Was the £100,000 provided for in any way last session by appropriation?—I do not remember that it was.

108. It was payable in January?—You mean provided for by appropriation? Yes. It would not be if supposed to be a charge upon the Consolidated Fund by permanent Act.

109. Supposing there was no provision made for it out of the Consolidated Fund, how would it be met out of the Consolidated Fund?—It could not be met if there was not provision made for it. I have not the slightest doubt we satisfied ourselves that the money was legally appropriated by law out of the Consolidated Fund.

110. Then the money would have to be paid, and appropriation would have to be made for it?—The Parliament would have to be informed that that money would have to be paid. All loans are made chargeable upon the Consolidated Fund. No additional appropriation is necessary to legalize the payment.

111. But suppose the loan fell due in a certain year, would not provision have to be made for paying it off or raising another?—Certainly. It would be for the Finance Minister to state that it was an obligation and to provide for it, but he would not require any Act to do so.

112. The money would have to be provided for in some way?—The ways and means would have to be provided, but not the legal authority to pay it.

113. Were they provided?—I do not know.

114. The question is, did legal authority exist to float the bonds which were hypothecated to the bank?—Yes; most undoubtedly it did.

115. In what Act?—The original Act, which was never repealed—the Act of 1872.

116. Are you aware, as a matter of fact, that these debentures could be issued—that there was no legal bar to their issue?—I never heard of any. The question has never been raised to my knowledge.

117. You think it could be raised now under the Act of 1872?—Without giving a legal opinion, my impression is it can. The loan is not now raised, but can be raised.

118. You think a loan might be issued to pay these bonds on the Consolidated Fund?—Yes; all loans are a charge upon the Consolidated Fund.

119. You have also stated that the Canterbury Land Fund was a portion of the Consolidated Fund on the 1st January?—Supposing you had closed your books on the 31st December, it would not have been part of the Consolidated Fund. The operation of the two Acts was, to some extent, inconsistent. One Act contemplates the absolute closing of your books on the 31st December, and the payment of the moneys over to the counties and Road Boards; the other Act gives you ninety days within which you are to do this. I look upon it the legal position was, that the Land Fund balance was part of the Consolidated Fund, but was to be a first charge on the Consolidated Fund on behalf of the counties and Road Boards.

120. *Major Atkinson.*] I should like to ask what you thought of the bearing of clause 16 of the Public Revenues Act upon section 4 of "The Financial Arrangements Act, 1876," because it seems to me the accounts ought to be kept separate?—I have already stated that I thought that Act was inconsistent with the other.

121. The fourth section of the Act of 1876 provides that separate accounts shall be kept. That Act remained in force until the end of 1877, when the new Act came into operation, which provided that the balances accruing under the Act of 1876 were to be paid over within ninety days. Would not this seem to mean that these balances were to be kept separate, and not to become Consolidated Revenue?—The Act of 1877 is apparently in conflict with the Act of 1876 in this respect—that by the latter the Consolidated Fund is to consist of all public moneys, except the Public Works Fund. The Land Fund is made Consolidated Fund from the 1st January, 1878; and all the balances on the other funds existing under the old law were carried into the Consolidated Fund on that day. The section 16, therefore, must be regarded not as contemplating a separate account being kept, which would be contradictory to the 3rd section of the Act, but as a re-appropriation of money out of the Consolidated Fund to an amount equal to that which would have been payable out of the Land Fund under the old law.

122. Does that not limit this in any way? Have the Commissioners of Audit considered that?—Yes, very often. I cannot state it more clearly than I stated it just now—that I think the legal effect of the Act was that the money was payable to the Consolidated Fund on the 31st December, and that there was a first charge in favour of counties and Road Boards to the amount of the balance of the Land Fund on the 31st December. That was a first charge on the Consolidated Fund. If that had been paid it would have absorbed the whole of the Consolidated Fund at the time, or very nearly the whole of it.

123. *Mr. Johnston.*] After your refusal to sign a requisition making the £100,000 due to the bank payable out of the Canterbury Land Fund, did any other requisition come