

142. *Mr. Stevens.*] I should like to ask the Colonial Treasurer whether the retention of this money is not inconsistent with the provisions of section 16 of "The Public Revenues Act, 1877," and also at the same time whether that section, or the one of "The Financial Arrangements Act, 1876," in any way contemplates the retention of money to meet arrears of surveys in the Provincial District of Canterbury?—With regard to the first question, I think it is a doubtful point. The Act of 1877 colonializes the Land Fund, and therefore it is part of the Consolidated Fund, and if it becomes part of the Consolidated Fund it becomes part of the money available for Consolidated Fund purposes.

143. Section 16 specifies that the surplus Land Fund, as defined by section 9 of "The Financial Arrangements Act, 1876," shall be paid over up to the 31st December, does it not?—Yes.

144. But nothing is said about deduction for survey?—No, nothing there.

145. Did the Government rely upon section 4 of subsection 1 of "The Financial Arrangements Act, 1876"?—That section lays down the principle that the surveys shall be charged against the Land Fund of the provincial district.

146. But does it not say it shall be chargeable with the sums appropriated from time to time by the General Assembly for the expenses of surveys and the administration of waste lands within the district?—Yes.

147. Well, I ask whether you rely upon that?—I stated the other day, in my evidence, that we did not altogether rely upon that, because, as I have said, the matter is involved in doubt legally, and I believe the evidence given by the Auditor, Mr. FitzGerald, was to the effect that the two provisions of the Act are inconsistent—viz., that portion which makes the Land Fund consolidated revenue, and the other portion which provides for this allocation amongst the local bodies.

148. Then, there being in the mind of the Government a doubt, is it a fact that they do not consider that section 16 of "The Public Revenues Act, 1877," does not cover the doubt in that section that the money shall be paid over without deduction?—No; they did not. Of course we maintain there was error or omission to provide for this sum last session.

149. *Mr. Montgomery.*] You consider there was an omission?—Yes; precisely in the same way as there was an omission to provide for the Lyttelton Harbour Board loan.

150. *Mr. De Lautour.*] That is to say, the question was not decided?—The question was not decided.

151. By the word "omission," you mean to say "intention to carry out." I understand you to mean the question was not decided?—Just so.

152. *Mr. Stevens.*] The question was never mooted, was it?—No; I do not think it was.

153. Notwithstanding the fact that the Surveyor-General had a report before the House?—I am not aware that he had a report before the House.

154. *Mr. Murray-Aynsley.*] The estimates you referred to—were not those the estimates of the Atkinson Ministry, which did not calculate upon the whole of the Land Fund being made colonial revenue?—Yes; they were.

155. The estimates were based on that?—I believe so.

156. And therefore the surveys in arrear were not considered to be taken out of the ordinary course of working them up with the annual appropriation?—It was considered that the surveys should be met out of land revenue where there was Land Fund sufficient for the purpose.

157. In Canterbury?—Yes.

158. The land revenue, where brought down in the estimates, was only to have a deduction of £56,000, the rest being provincial property. Your Government made the Land Fund colonial property, and the Atkinson Government had brought estimates into the House which you took up?—Yes.

159. Therefore the liabilities for the back surveys never came before the House as more than to be calculated year by year, so much against the sales in that year to be worked up?—The Government considered that the House had not made provision for them.

160. *Mr. Murray-Aynsley.*] Because the estimates brought down never calculated upon the Land Fund being made colonial property?—That might have been, but it is only an inference. The Government considered they were provided for as provincial liabilities.

161. Therefore that would be a reason for the Canterbury amount being considered to be yearly expenditure?—I presume the reason why it was not provided for in the case of Canterbury was because they had Land Fund which would meet it. I would like to call your attention to another fact: Mr. Larnach, when he brought down his Financial Statement, calculated that the whole of these provincial liabilities would have to be met—viz., £600,000,—and at that time the colonialization of the Land Fund had been contemplated by the Government.

162. *Mr. Stevens.*] And did this £600,000 include enough to clear up the arrears of survey of Canterbury?—It included other districts where there was no Land Fund, but not Canterbury, where there was Land Fund, and where no provision was made for arrears of survey.

163. Might it not be that the Legislature, knowing the probable state of the Land Fund of Canterbury, took that into consideration?—I cannot state what the Legislature contemplated.

164. But has not the Government so far assumed that the Legislature made an omission in not providing for it?—Yes; it is not provided for.

165. Is not that the basis of the present action of the Government, that they believed the House unintentionally omitted to provide for them?—Yes; other provincial districts were treated in the same way. There was no Land Fund in Otago, and a sum of £60,000 was advanced by the General Government to the Provincial Government. They paid a portion of it, £6,000, and £54,000 remained unpaid. The amount was to be repaid out of Land Fund under specific agreement between Sir Julius Vogel and Mr. Macandrew. The agreement was shown in papers or correspondence which passed between the Government and him. The money has been deducted, and it is admitted by some of the Otago members, and by Mr. Macandrew himself, that it was perfectly proper and right to do so, although the same contention would hold good that it ought to have been paid over to Otago by the 31st of March.

166. How can you say that it is on all-fours with the present case when you say there was a distinct agreement?—I am speaking about the equitable bearing of the question. I am saying,