

18A. *Major Atkinson.*] Do you know, as a matter of fact, whether it is charged against Schedule D?—It is not part of the £300,000.

19. I do not see how you show the connection between the Land Fund and this?—It was to be recovered from the Land Fund, under the agreement, if the periodical payments were not made.

20. *Mr. Montgomery.*] I wish to know, Mr. Ballance, if you can tell us when this £6,000 was paid?—I think in 1876. It is in Sir Julius Vogel's Statement of 1876, showing the means available.

21. What are the ways and means referred to in the Third Schedule as recoverable from the Provincial Liabilities Account? In what account are the provincial liabilities now included?—These were wiped out this year, and became part of the Consolidated Fund. They were met by certain means devoted to the purpose. A quarter of a million of the loan of 1876 was set aside specially, and £300,000 of the loan of last year.

22. Then it should be recoverable from that?—No; it could not be recoverable from that, because the whole had been absorbed last year.

23. Then it would follow that this £54,000 was also indefinite?—Simply to come out of the land revenue.

24. You say this is an amount that is to be taken out of land—in point of fact, from funds coming from the land?—Not altogether.

25. What does it come from?—Part from the Consolidated Fund; only £300,000 from the Land Fund.

26. What did the other come from?—From the Consolidated Fund and special assets. You will see the amount in the Financial Statement. £300,000 only was taken from loan last year.

27. Then you do not rely upon this as being part of the provincial liabilities?—It must have been taken under the Act of 1874 and the agreement under that Act. It was never declared a provincial liability. Vouchers have been signed to transfer it from the Otago Provincial Account to the Consolidated Fund. At the beginning of this year provincial liabilities formed part of the Consolidated Fund.

28. *Major Atkinson.*] During the time this money was taken you had the Provincial Liabilities Account open?—On the 1st January the provincial liabilities became part of the Consolidated Fund. They are now so. There is no special account for provincial liabilities.

29. *Mr. Montgomery.*] The £300,000 was out of the fund to meet provincial liabilities?—Yes.

30. Where was the authority to take out of another fund, the Consolidated Fund, without providing by loan?—Well, for instance, £6,000 was recovered in 1876. The £54,000 was recovered in the same way last year out of the surplus Land Fund of Otago.

31. How did you get the £6,000?—The authority for that is found in the Act of 1874 and the agreement; and, if we are right, the same agreement applies to the £54,000.

32. I should like to have the date of that £6,000?—I will get it for you.

33. *Mr. De Lautour.*—I understand you, Mr. Ballance, to rely on the Act of 1874 and the agreement made thereunder?—Yes.

34. That is, you rely on it for your authority in taking the money.—Yes.

35. It is in right of that?—Yes.

36. The agreement we must take generally to be an agreement to come at the Land Fund?—Yes.

37. You contend that it is in that direction?—Yes.

38. What is the difference between ordinary charges constituting a provincial debt and this charge under agreement, placing it as a special charge on the Land Fund? What is the difference between this and the other debts of Otago?—It makes it more specific.

39. How can an agreement under an Act be more specific than an ordinary Loan Act of the province?—I am not prepared to say, except that in this particular case we have distinct and specific agreement in writing, sanctioned by an Act. I know of no similar case with respect to the liabilities of Otago.

40. On that argument, do you not consider that all the provincial debt of Otago was charged on Land Fund?—There might be a difference.

41. You do not know any special difference?—Yes, I do. The general liabilities of Otago were dealt with in another way from this. These liabilities were to be paid in a certain way; they were not to be paid out of the surplus Land Fund. The general liabilities were affected by the legislation of last session.

42. This agreement could not be to pay out of the surplus Land Fund, because at the time the whole Land Fund was free, and the term "surplus" was created later?—No.

43. I contend that all the provincial debts of Otago were upon the Land Fund?—The "provincial liabilities" were not.

44. You contend you are entitled to say, practically, that the appropriation is under the Act of 1874?—Yes.

45. There was no other security?—Yes; specific power under the agreement.

46. *Mr. Oliver.*] Is not the apportionment of 20 per cent. under the Counties Act quite as specific, if not more so, than the liability of the Land Fund?—Yes.

47. Then does it not appear that this weakens your case?—No; there is no relation between the two. The 20 per cent. arrangement did not take effect until the 1st January.

48. This surplus is dealt with and allocated to the counties?—The two things are different.

49. You stated, Mr. Ballance, that this sum of £54,000 was taken according to law. It was in the account on the 30th June, 1878. How did it come in that account if taken by law under the Act of 1874?—It was taken out of the surplus Land Fund.

50. Why should it not be taken until there was a surplus for distribution? Why not out of the Land Fund itself before?—I think it could have been taken out of the same source at any time.

51. *Mr. Johnston.*] I understand that this £56,000, the balance of the Otago Land Fund on the 31st December, 1877, after reduction of all charges, was distributable among the counties on or before the 31st March, 1878, and would have been so distributed had it not been for this advance of