

Fund?—Clause 6 of this Act does not affect the question; it is simply a piece of machinery for ascertaining what amount shall be paid to the counties.

69. Twenty per cent. of Land Fund must be paid, irrespective of charges?—Yes, except so far as regards aid to charitable institutions. A sum equal to 20 per cent. of the Land Fund accruing in each county is paid to the county out of the Consolidated Fund.

70. *Mr. De Lautour.*] I should like to know what was the security of the other provincial debts. Was not the Land Fund the security of all provincial debts taken over in 1877?—I am not prepared to say. The security was provided by the Provincial Acts; but most likely the whole revenue, both Land Fund and ordinary revenue, were made security for those debts.

71. I cannot see the distinction between charges made against the Land Fund by agreement under Act 1874 and charges made by debts incurred under Ordinances?—*Mr. Macandrew* objected to the equity of the agreement made by the Government. The agreement was that the money should be paid back in two years.

72. I cannot see how any distinction can be made between any portion and the whole of the provincial debts; all, as I hold, for which the Land Fund was the security?—I objected to the advance altogether, on the ground that it was an illegal advance.

73. *Mr. Johnston.*] Is it part of the duty of the Commissioners of Audit to take into consideration the official accounts between County Councils and the Treasury? In the case of Otago a balance of some £56,000 was shown to be divisible among the counties. In spite of this balance being so shown, the Audit afterwards sanctioned the payment of this money into the Public Works Account?—No movement of Government money can take place without the signature of the Commissioners of Audit. The whole of the accounts are checked in the Audit Office. When any voucher came up for payment to a county it would be the duty of the Audit to verify it, and see that that was the correct amount due.

74. Is it any part of your duty to take into consideration the amount promised to the counties where the Treasury has shown in accounts a balance as being due to counties?—If moneys in excess of what was due had been inadvertently paid to a county it would certainly be our duty to recover those moneys again. Part of the balance of the Land Fund was distributed on 31st December; part of it was held back. We are responsible for the part distributed having been properly dealt with. This transfer of £57,000 will not involve the recovery of any money from the counties.

75. I do not think you understand my question. In an Appendix to the Financial Statement a certain amount is shown as due from the Land Fund. The counties have not received this amount, and it appears to me that they have been deceived?—The accounts accompanying the Financial Statement are not officially audited. We are not responsible for them.

---

THE FOLLOWING MEMORANDUM OF CASE IS REFERRED TO SOLICITOR-GENERAL FOR HIS OPINION THEREON.

THE Public Accounts Committee have before them a claim made that balance of Land Fund in favour of Otago Provincial District (£54,000 or thereabout, for the year ending 31st December, 1877) should be distributed under "Financial Arrangements Act, 1876."

As a matter of fact, said balance, in September last, was transferred to meet an advance made to Superintendent, Otago, under agreement made under "Otago Provincial Public Works Advances Act, 1874." Before sanctioning this transfer, Audit Department appear to have submitted question of legality to you as Law Adviser. Your opinion appears to have been favourable to legality of transfer, contingent upon the agreement with the Superintendent prescribing certain security. This agreement (or letters constituting it) does not appear to have been before you.

The questions now arise,—

1. Does the correspondence between the Colonial Government and the Superintendent constitute an agreement justifying a deduction from surplus Land Fund shown in Public Account on the 31st December, 1876?

2. Does such agreement, read in connection with the Act of 1874, constitute an appropriation against the Land Fund other than and separate from the permanent charges in clause 4, "Financial Arrangements Act, 1876"?

3. Does such agreement meet the contingency upon which your opinion to the Audit Department hinged?

4. If the advance can be held to be a special charge, can it be transferred subsequent to 31st December, 1877, by virtue of clause 12 of "The Financial Arrangements Act, 1876," or by any other legal authority? If such other legal authority—what?

5. Does clause 16, "Public Revenues Act, 1877," make any balance of surplus Land Fund on 31st December (after deduction of the charges clause 4, "Financial Arrangements Act 1876"), only payable to the local bodies, and in so far set aside any power to withhold any portion of such balance which may be contained in clause 12 of "The Financial Arrangements Act, 1876"?

The Committee do not wish to tie the Solicitor-General to these questions. They have suggested themselves to the members.

What is desired is that he should complete his opinion given to the Audit, having the correspondence or agreement before him.

---

Crown Law Office, 25th October, 1878.

HEREWITH I beg to forward answers to the several questions submitted to me.

1. As to the first question: I have read certain correspondence between the Colonial Government and the Superintendent of the Province of Otago. After certain proposals had been made respecting advances under "The Otago Provincial Public Works Advances Act, 1874," and some modifications suggested, the Colonial Government, in a letter dated 28th October, 1875, stated, *inter alia*, that, if the advances were not repaid in the monthly instalments proposed, the Government would