

1878.
NEW ZEALAND.

PUBLIC ACCOUNTS COMMITTEE.

REPORT ON DISPUTED ACCOUNTS BETWEEN THE GENERAL GOVERNMENT AND
THE COUNTY COUNCILS AND ROAD BOARDS OF CANTERBURY.

(Report brought up October 3rd, and ordered to be printed.)

THE Public Accounts Committee, having inquired into the disputed accounts between the Government and the County Councils and Road Boards of the Provincial District of Canterbury, in reference to the deductions made from the Land Fund of £100,000 for Lyttelton Harbour Board debentures, and of £127,000 for arrears of surveys, have the honor to report that the Committee have agreed to the following resolutions:—

1. That the intention of the Legislature that the Lyttelton Harbour dues should be relieved from the Lyttelton Harbour Loan by section 39, "Financial Arrangements Act, 1876," is clear, and that the burden should become a portion of the permanent debt of the Provincial District of Canterbury, which debt, by the legislation of 1877, became a colonial liability; and that the sum of £100,000, before mentioned, is due to the local bodies interested, and should be paid to them.

2. That the £127,000 of Surplus Land Fund of Canterbury, retained to meet arrears of surveys estimated to be required in that provincial district, should also be paid to the local bodies interested.

The Committee append to this report the evidence they have taken upon the subject.

OSWALD CURTIS,
Chairman.

3rd October, 1878.

MINUTES OF EVIDENCE.

THURSDAY, 15TH AUGUST, 1878.

Major ATKINSON, M.H.R., examined.

1. *The Chairman.*] The Committee is inquiring into a deduction made from the amount of Land Fund otherwise available for distribution amongst the local bodies of the Provincial District of Canterbury of £100,000 for Lyttelton Harbour works debentures. You have had an opportunity of refreshing your memory by seeing the papers on the subject, and the Committee will be glad if you would state how the matter stands, so far as you are aware?—Yes. I had several interviews with the Superintendent of Canterbury just before Abolition took place, and I agreed with him that the matter was to be submitted to the House with a view of making it a provincial liability, so as to render it part of the permanent debt of the province. A difficulty arose as to issuing debentures from the form they were in. When I first entered into negotiations with him, the debentures had only been issued to the bank for the purpose of sale; but difficulties had arisen, and it was not deemed advisable to issue them in the form in which they were in; and had we remained in office we should have brought in a Bill to make it a part of the permanent debt of the provinces. That was my understanding of the clause of the Financial Arrangements Act of 1876. We intended to make provision to meet the case, but resigned office, and, in the course of the scramble that ensued towards the latter end of the session, the matter was overlooked altogether.

2. There was some legislation on the subject?—Yes. The Financial Arrangements Act of 1876 distinctly says that it shall be considered as part of the provincial debt.

3. *Hon. Mr. Ballance.*] When the bonds were issued?—Yes.

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4. But the bonds were not issued?—That was the technical difficulty we intended to provide against. It was our intention to ask the House to make provision for the issuing of debentures in proper form.

5. *Mr. Montgomery.*] That technical difficulty over, they would become practically part of the debt of the province?—Yes.

6. *Mr. Stevens.*] And would now be assumed as part of the debt of the colony?—Yes.

7. *Mr. Montgomery.*] So that the legislation of 1876 was in accordance with the understanding you had with the Superintendent of Canterbury, and the only difficulty that has prevented the debentures becoming part of the debt of the province was the technical difficulty in the way of issuing debentures?—Yes. We thought that the House had fully authorized us to do that by passing that Act. That was firmly our impression at the time the Financial Arrangements Act of 1876 was passed.

8. A division took place upon that clause?—Yes. I think Sir George Grey opposed it.

9. *Mr. Stevens.*] I should like to ask whether there has been an appropriation taken for the payment of interest on this account in the colonial estimates?—Well, I could not say as a matter of fact; but I should think so undoubtedly. Of course the Government made arrangements with the bank, and were responsible for the interest. I have no doubt appropriation would be taken, because in my Financial Statement I informed the House what I had done.

10. Do you remember the circumstances under which the matter came before the House—namely, that of removing the debt from the Harbour Board?—So far as my memory serves me I brought it forward in accordance with the agreement with the Superintendent of Canterbury.

11. Do you remember whether the matter was fully discussed?—It was fully discussed because Sir George Grey was very strong against it at the time. I think I was misapprehended. It was supposed that it gave the Lyttelton Harbour Board another £100,000.

12. I am right in thinking that the matter received the fullest attention?—Oh yes.

13. *Mr. Montgomery.*] There was a division taken upon it?—Yes.

14. *Hon. Mr. Ballance.*] The papers do not show the reason why the debt was removed?—No, there were a great many interviews about it with the Superintendent. Clause 39 of the Financial Arrangements Act was introduced for the purpose of making it a provincial debt instead of a Harbour Board debt, and it was upon the authority of that decision of the House that we made the arrangements we did. It was not known certainly then that there would be any difficulty. It was thought the difficulty might have been got over, but we found the contrary when we came to look into the matter.

15. *Mr. Stevens.*] You consider that under that clause of the Financial Arrangements Act that sum should form part of the debt of the colony?—Yes, that was my understanding of the matter.

16. *Mr. Montgomery.*] That was the object of the legislation you obtained in the House?—Yes; but of course we should have sought further legislation to give effect to that; but owing to the change of Government the matter was lost sight of.

17. You treated it as part of the permanent debt in your Financial Statement?—Oh, yes; no doubt I put it in Table A. If I recollect aright it will appear simply as an advance.

18. For which the colony was liable?—Yes.

19. *Mr. Oliver.*] This 39th clause is only a guide as to what the intention of the Government was. If there are no moneys borrowed and raised, this clause does not touch the matter at all; it is only evidence of what was the intention of the Government?—Yes. Then, as a matter of fact, we did raise this £100,000, but did not sell the bonds. We raised it in the Bank, with the view of handing it over to Timaru.

20. How was the money raised?—By the General Government; the General Government being responsible for it. We were asked to raise the money. They said, "Now, give us the money." I am now speaking from memory only. When we came to look into it, to see if we could issue these bonds, the Superintendent telegraphed to us, or to me, that there was a certain price offered for some of these bonds. When the matter was looked into, as to whether the bonds could be sold, it was found that there was a great doubt as to their position. We found that we could not advise to sell them, and so we said, "very well; this is evidently the intention of the Legislature; we will amend the Act in order to get the best price we can, and in the meantime we will raise the money due to Timaru, and pay it to Timaru." We raised the money, and paid it over. Then we went out of office, and no provision was made at all.

21. *Hon. Mr. Ballance.*] All that was done, I understand, to assist the province out of a difficulty?—No; it was done to carry out the agreement we thought we had made, which was that this money was to be a part of the permanent debt.

22. Does the correspondence not show that the Superintendent of Canterbury wished you to assist them in what they could not do themselves?—They could not help themselves, because the Legislature could not meet. There was not the least idea on my part that it would be a Colonial liability then. It would be a Canterbury liability. The whole thing changed subsequently, by the colony taking over the provincial debts. If the money could have been raised profitably, no doubt we could have sold the bonds. We had stopped provincial legislation. The province was, as it were, in our power, and we felt ourselves bound in honor to carry out what was the evident intention.

23. *Mr. Moss.*] Is there any Act authorizing the cancelling of these bonds?—No.

24. *Mr. Stevens.*] This point I wish to ask you about: if those bonds which were hypothecated to the Bank had been made payable to bearer, would they not have been floated in London by the Bank, and consequently give that clause full operation?—Yes; but that is only my opinion. I do not remember distinctly what was the difficulty, but I know the bonds were in that state that I did not consider myself justified in selling them, because I felt that I could not obtain for them what I thought they should fetch.

25. *Hon. Mr. Ballance.*] If they had been sold at that time, they would have been a charge on the rates and dues of the Lyttelton Harbour Board?—I suppose they would, if sold before the passing of "The Financial Arrangements Act, 1876."

26. It was in consequence of a technical difficulty that they were not sold?—As far as I know.

27. *Mr. Montgomery.*] At what date did the Government get possession of these bonds?—I suppose in the beginning of 1876. I think the £100,000 was raised then. *Major Atkinson, M.H.R.*

28. Then you handed over the £100,000 after receiving the bonds?—As far as I remember, the Bank kept them on behalf of the General Government; I think so. *15th Aug., 1878.*

29. It became a General Government transaction?—Yes; they were held by the Bank, if I remember rightly, in London, on behalf of the province. When the colony advanced the money they were held by the Bank for us.

30. *Mr. Stevens.*] And would have been subsequently removed by the 39th clause, and made a colonial liability?—They would have been made a colonial liability when the colony took over all provincial debts.

31. If the bonds had been issued by the province could any subsequent legislation have affected their character?—No. It is quite clear that if the bonds had been issued a clause of that nature would not have been passed.

32. *Mr. Montgomery.*] If that 39th clause had been passed, making it a provincial debt, it would still have left them the security of the harbour dues?—If the bonds had been issued we should never have thought of passing a clause like that. We should have passed a different clause if the House wished to relieve the harbour dues.

33. *Mr. Johnston.*] If the bonds had not been issued, who raised the money?—This legislation took place: The General Government, finding they could not sell the bonds in their present form profitably, said, "Very well, we will get the money from the Bank, and advance it, and take further legislation, and issue the bonds in a proper form." That was the agreement made, and they were to be charged against the province under that Act. The matter subsequently became complicated by all provincial charges being taken over while this transaction was pending. If this transaction had been complete this difficulty could not have arisen.

34. The Government found the money on the strength of the harbour dues?—Yes.

35. *Mr. Stevens.*] When you say the Government intended to bring in legislation, had there been any decision by the Government to do so?—Yes, undoubtedly. The £100,000 was borrowed. Of course no individual member of the Cabinet would borrow £100,000 from the Bank without the approval of the Government. I am speaking now of the late Government. We considered that we were giving effect to the decision of the House. You will see it in the tables appended to the Financial Statement.

36. Is the effect of the proposition of the Government to make the £100,000, which originally would by the legislation of 1872 have been a charge upon the dues, &c., of the Lyttelton Harbour Board, payable by the counties and Road Boards in Canterbury?—Yes, in one sense—a transfer from the Lyttelton Harbour Board to the shoulders of the counties and Road Boards.

37. *Hon. Mr. Ballance.*] Has the Province of Canterbury any claim upon the General Government to meet this £100,000 specially for the Harbour Board or the provincial district?—No. There was no claim that I know of. The Canterbury Province was of course in a peculiar position. It always had plenty of money, and its railways nearly cancelled its debt, so that, when the province was taken over, the colony got all the Land Fund, and had nothing to pay so far as any debts were concerned. In the Statement I submitted to the House I showed that Canterbury would be the only province not in debt. I suppose that was one of the reasons which induced the House to pass that clause in that form. We considered we were carrying out what the House decided under that clause.

38. Had the province any claim on the Government?—It was simply done to get over a technical difficulty. Nothing was ever done by the General Government until then. The House adopted the recommendation of the Government, and after showing that the province came out of debt entirely, the House assented to this proposition. It of course took the burden off the Lyttelton Harbour and put it on the province generally.

39. Why was that burden taken off the Lyttelton Harbour?—The House agreed to it. I cannot tell what induced the House to come to that decision.

40. Is it not the fact that, when you intervened to relieve the province of a technical difficulty, the province was not in a position, by legislation or otherwise, to cure the technical difficulty themselves?—Yes; that was of course the difficulty. We could not issue the bonds, except at a sacrifice.

41. Is it a fact that the province had no means of putting themselves right by any process whatever?—Yes. The money had always been set apart as the Timaru portion of the Land Fund, but, as Timaru did not then want it, it used to stand on each side of the account. So much was put down to Timaru. These bonds were put on the other side as an asset. Timaru applied to have the money, and the difficulty became still more apparent; and we felt we should not be carrying out the intention of the House if we did not pay the money. We went out of office, and the thing was forgotten by the incoming Government. The incoming Government found themselves in the position of having to provide £100,000. I am clearly of opinion that it would be a very great injustice to deduct it.

42. *Mr. Stevens* says the Provincial Council could have met this difficulty. What would have been the result of the Provincial Council meeting it?—I cannot say what the Provincial Council would have done.

43. Was it alleged by the Superintendent of Canterbury, that if the Provincial Council could have met, the difficulty with regard to the floating of the bonds would have been overcome?—Yes; but then, if I remember rightly, when the matter got into that position, it was then a charge against the colony. It was a charge against the province, and not against the Harbour Board. The Government gave the whole thing very careful consideration, and the upshot of the whole matter was that it was to be a charge against the provincial district; and we raised and paid over the money, believing that to be the intention of the House.

Hon. Mr. BALLANCE, M.H.R., examined.

44. *Mr. Rees.*] Under what right had the counties and Road Boards this sum deducted from them?—This sum was not provided for amongst the provincial liabilities. If it had been provided for amongst the list of provincial liabilities last session, then we should have provided for it by some means as a provincial liability; but, as a fact, it was not a provincial liability in any sense. *Hon. Mr. Ballance, M.H.R.*

15th Aug., 1878.

Hon. Mr. Ballance, M.H.R.
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45. *Mr. Johnston.*] If the Treasury held that this amount was not a provincial liability, why did they make the province pay?—I ought to define what is meant by provincial liability. We held it was a liability of the provincial district but not a "provincial liability," if you can understand the difference, because it was not in the list containing the provincial liabilities. This was a liability upon the provincial district, although not coming within the term of provincial liabilities proper, which were provided for, and for which the House appropriated £327,000 last session. These provincial liabilities were defined, and if this had been amongst them, we should have considered it our duty to provide for it, if possible, out of this £327,000.

46. *Mr. Montgomery.*] Was any provision made for the payment of the interest of that £100,000?—Yes.

47. Where?—In the usual place—the Appropriation Act.

48. As a permanent debt?—No, not as a permanent debt; it was an overdraft at the Bank at the time, and the interest was provided for. The practice is this: that in the case of any advance from the Bank the interest on it is provided for in the amount put down as interest upon the debt of the colony, but it does not follow that an advance from the Bank is a portion of the permanent debt of the colony. When we came into office we found that this matter had been overlooked. We had the fact before us that an advance was made by the Bank, and it was unprovided for. We took it out of the Land Fund, because it was a charge on the provincial district.

FRIDAY, 23RD AUGUST, 1878.

Hon. Mr. Ballance, M.H.R.
23rd Aug., 1878.

Hon. Mr. BALLANCE, M.H.R., examined.

49. *Mr. Montgomery.*] I wish to know whether the Land Fund of the Provincial District of Canterbury was charged with the expenses of the Survey Department up to 31st December, in accordance with "The Appropriation Act, 1877?"—Yes, it was, as shown in Table J of the Financial Statement.

50. Why did the Treasurer not pay over the £127,000 of accrued Land Fund up to 31st December, 1877?—An estimate was made by the Surveyor-General of the cost of arrears of surveys in the Provincial District of Canterbury of lands sold prior to 31st December, 1877, £127,000.

51. *Mr. Stevens.*] Under what authority of law is this money retained for defrayment of expenses of surveys for which no appropriation had been made?—The Financial Arrangements Act does not give us full power to retain this amount, £127,000. No appropriation had been made for this amount, and it was accordingly unprovided for. Of course we think we had an equitable right to retain the amount of the proceeds of the Land Fund.

52. Is it a fact that there are arrears in Wellington and Auckland, as well as other places, on account of surveys up to the 31st December, 1877?—There are arrears on surveys in several provinces.

53. Am I correct in supposing that had there been money in other provincial districts having a surplus Land Fund, where there were arrears of survey, that the same treatment would have been extended to them?—Yes; we have done so in Hawke's Bay, where there was a surplus Land Fund.

54. In the estimates of this year is there appropriation proposed to meet the expenses of land which will be sold during the current year in Canterbury?—Yes, certainly.

55. Are the estimates made up with the intention that the survey of every acre that is sold between now and the end of the current financial year is to be covered by the estimates? Land in Canterbury is going to be sold, and is being sold during the current financial year. Do the estimates of the current financial year provide for the survey?—No; the estimates are not made up on that basis. The estimates are framed with regard to the amount to be expended during the year. It does not follow that all the land surveyed during the year will be sold, but a certain amount will be expended on survey during the year, and that amount is estimated.

56. On the lands that can be surveyed?—Yes.

57. Then, estimating for the current financial year, the estimates are framed upon the rule of making appropriations and provision for what will come in course of payment during the financial year?—Yes.

58. In the treatment of this question under consideration is there any principle observed?—The treatment of this question is precisely this: we have estimated the amount of money to be expended on arrears of survey, and we have taken that out of the £127,000.

59. Surely that is a different rule to the one that governs the estimates for the performance of surveys of land now being sold?—I do not see any distinction. We make up our estimates according to the amount for provincial districts during the year, or in that part of the country. A portion of the lands will be sold. Lands sold since the 1st of January and lands sold previous to the 1st of January will have the arrears of survey deducted from the £127,000. All sums to be expended on surveys during the current year will be taken out of the Consolidated Fund Account.

60. At the end of the financial year you will have a surplus at command for the ensuing financial year?—Exactly. What will have been spent upon surveys during the year will be appropriated. A certain amount for arrears of survey for lands sold previous to the 1st of January is retained from the Land Fund and the £127,000.

61. *Mr. Montgomery.*] There will be a considerable quantity of land unsurveyed during the current financial year that will be sold during the year?—Of course the surveys cannot always be up to the amount of the land sold.

62. They will be a charge on next year's revenue?—Yes.

63. Or perhaps the year afterwards?—Yes; it will be a charge upon the Consolidated Fund.

64. On the revenue of the colony?—Yes, of which the Land Fund is a part. The distinction is that the Land Fund was not part of the Consolidated Fund until the 1st of January.

65. *Mr. Stevens.*] Do we understand that you will present an estimate of arrears of surveys?—Yes.

66. Would you mind stating whether it will include a sum of £50,000 for correction in surveys?—Between £40,000 and £50,000.

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.

Mr. J. E. FitzGerald. clearly not. The Committee will remember that there was a clause in the Act which said that these moneys should be paid over within ninety days. That seemed to imply that the account might be kept open for ninety days.

27th Aug., 1878.

84. But notwithstanding that, the Government could operate upon it?—The other part of the law required them to carry all balances into the Consolidated Fund on the 1st January.

85. Legally it was consolidated revenue?—Yes, but with the payments to counties and Road Boards as a first charge upon it; and what I have endeavoured to point out in my memorandum is, that the effect of carrying this balance into the consolidated revenue was to use it for paying the ordinary charges on the Consolidated Fund. The fact is, that the operation of these two provisions of the law is hardly consistent. On the one hand, the Government was given ninety days to deal with the moneys as Land Fund, and, on the other hand, they were bound, on the 1st January, to carry all the balance into the Consolidated Fund.

86. *Mr. Montgomery.*] I wish, for the information of myself and the Committee, that you would state the mode of transfer adopted by the Treasury to get the sanction of the Commissioners of Audit before payment of money is made?—In the first place, a voucher comes up from the department concerned; that voucher is audited, and is signed—initialed—by one of the Commissioners. The vouchers are then sent down to the Treasury, and the Treasury take as many of them as they please, put them into a requisition, and send them back to the Audit appended to the requisition. Our business then is simply to inquire whether there are any vouchers included in the requisition which have not been previously passed. Having checked them off in the requisition, we then have to inquire what funds there are to meet the payments required. Whether the money is legally payable, has been decided by passing the voucher, because the direction to charge is upon the voucher. Therefore, passing the voucher is supposed to determine the legality of the payment; and the requisition determines whether there are ways and means to meet the payment about to be made. We have sometimes passed vouchers that were perfectly legal, but in regard to which there was no money to meet them.

87. Would the Commissioners of Audit have passed a voucher for the payment of that £100,000 and £127,000 to the Road Boards and counties, had the Government sent you the requisition?—Undoubtedly. We did pass the voucher for the payment of the £100,000.

88. But to the Road Boards, as provided by the Financial Arrangements Act of last session, within the ninety days?—Certainly, out of the Land Fund. The £100,000 by law was payable to the banks out of loan. It was incumbent on the Government to have raised this loan of £100,000. They had borrowed this money temporarily from the banks; in other words, exercised the power Parliament gave them to operate on short-dated debentures. These short-dated debentures ought to have been paid out of long-dated debentures, instead of which they wanted to pay them out of the Canterbury Land Fund. That, I take it, is the exact position in which the matter stood.

89. That is from your own knowledge as Comptroller?—My knowledge of the accounts, and of the law.

90. And what took place with regard to the getting of money from the banks?—The Government were justified in raising the money in that way under the short-dated debentures clause.

91. *Mr. Olliver.*] Do you maintain, Mr. FitzGerald, that the issue of these debentures, as a security to the banks for the loan of £100,000, was not an issue in terms of the Act?—It was, because the Government were perfectly entitled to borrow money under short-dated debentures.

92. But the authority to borrow on these seems to have been used no further than as pledging them to the bank. Do you consider that a legal issue?—Yes. The words of the Loan Acts are very large. They are nearly all the same—to empower the Government to raise money by short-dated debentures or by hypothecation. Money is constantly raised by hypothecation. As I take it, the position of affairs now is, that the money has not been borrowed at all. It was borrowed, but has been paid off again. The powers under the Act to raise £100,000 can be exercised at any time by issuing debentures, or hypothecation.

93. *Hon. Mr. Ballance.*] Are you not aware that there was something to hinder these debentures being issued which were hypothecated?—I do not remember the question being raised.

94. *Mr. Montgomery.*] Is there any further correspondence between the Commissioners of Audit and the Government touching this balance due to Road Boards and counties which was detained?—There was a voucher sent up for the transfer of this £100,000 from one account to another, and that voucher we declined to pass.

95. From what account to another? Will you please explain?—That is exactly the point on which I said at first I should like to refresh my memory about. My impression is, it was to transfer it from the Land Fund to provincial liabilities.

96. Do you wish to refresh your memory by documentary evidence?—Yes. The whole matter dropped, as we declined to pass the voucher. The voucher did indeed, by mistake, get passed, but when it came up next day in the requisition the error was seen. We struck it out of the requisition, and cancelled the voucher.

97. What was that voucher for?—For transfer from one account to another, and virtually charging the £100,000 paid for taking up these bonds against the Land Fund of Canterbury.

98. You would not sanction that finally?—We said we thought the Land Fund had been appropriated by Parliament for other purposes.

99. *Mr. Moss.*] Do you remember the authority for originally paying this £100,000?—“The Lyttelton Harbour Works Loan Act, 1872,” charges the loan to be raised on the security of the dues, rates, and charges of the Lyttelton Harbour. I have no doubt at all that we satisfied ourselves as to the legality of the issue of the £100,000. “The Financial Arrangements Act, 1876,” relieved the harbour dues, and made the debt a part of the permanent debt of Canterbury, which was not chargeable on the Land Fund.

100. The difficulty exists by these debentures never having been sold?—They are the same as sold. It does not matter whether they are short-dated or long-dated debentures. They were hypothecated; the money was borrowed.

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

Mr. J. E. Fitz-Gerald.
27th Aug., 1878. before you to authorize payment of the money out of any other fund?—The requisition was not a requisition for payment, but a transfer from one account to another. The payment had been made out of the Consolidated Fund. Then the question arose on what account it was to be charged. The Government wanted to charge it on the Land Fund before the 31st December, and so diminish the balance in the chest at that date.

124. *Hon. Mr. Ballance.*] Are you sure of that?—I think so. There were three accounts in the Land Fund, and it was to be charged against No. 3 account, the surplus accruing to the 31st December, so as to show that the balance of Land Fund on the 31st December, which is distributed by Act, was £100,000 less.

125. Was that the object of the requisition?—Yes. I think that was the sole object we have been discussing to-day. In other words, to take this money which was distributable on the 31st December, and use it for another purpose. I have dealt with that in a memorandum when the account was sent up to us.

126. You are not quite certain about that. You only think so?—I am quite certain.

127. What I wish to ask you is this: Was it intended that this charge should be entered as having been effected some day prior to the 31st December?—That could not be. The charge would have been effected on the day on which it was entered, but it would have been a charge on the balance arising on the 31st December.

128. *Mr. Johnston.*] If you recognize that all moneys from whatever source arising were, in reality, consolidated revenue, what was the object of refusing to make the transfer, or why not transfer the whole balance into the Consolidated Fund?—They were transferred for purposes of issue into the Consolidated Fund. The object of this transfer was to affect the balance which was due to the Road Boards and counties arising out of Land Fund on the 31st December. This transfer would have diminished that balance by £100,000. I take it what was called Land Fund No. 3, which was an account of the Land Fund opened after the 31st December, was an account solely kept for the purpose of ascertaining what amount would be paid to the counties and Road Boards out of that balance—simply to discover what amount was distributable amongst them.

THURSDAY, 29TH AUGUST, 1878.

Hon. Mr. BALLANCE, M.H.R., examined.

Hon. Mr. Ballance, M.H.R.
29th Aug., 1878.

129. *Mr. Ballance:* Mr. Murray-Aynsley has stated that if the Parliament had intended that the arrears of survey in the Provincial District of Canterbury should have been paid out of surplus Land Fund, provision would have been made accordingly. I am referring to surplus Land Fund to the 31st December. I was putting the converse case, which was this: that in the other provincial districts, where they had no Land Fund, specific sums were put down in the schedule of provincial liabilities to meet the arrears of the survey; but in the district of Canterbury, where it was well known there were large arrears of survey, no specific sum was put down to bring up arrears, and it was inferred from that that these arrears of survey would be met or should be met out of surplus Land Fund, as no provision had otherwise been made for them.

130. *Mr. Stevens.*] Who inferred that?—The Government; I am stating the case as it presented itself to our mind.

131. *Mr. Montgomery.*] When was the schedule laid on the table?—Last session, by the Atkinson Government.

132. Was the money paid in accordance with that schedule of prices?—No; the amount estimated by Mr. Larnach, as Colonial Treasurer, when he came into office, that would have to be appropriated for provincial liabilities was the amount named in the schedule.

133. How much was that?—Upwards of £600,000. Afterwards the Government modified their view of what would be required to meet those provincial liabilities, and a sum of £300,000 was appropriated out of loan for that purpose; and I think it was stated at the time in the House that the amount would meet provincial liabilities, as well as £40,000 to be distributed in the Provincial District of Auckland.

134. Was any schedule attached to that vote for the £300,000?—No; it is simply stated in the Loan Act £260,000 for provincial liabilities as a gross sum, and £40,000 for the Provincial District of Auckland.

135. Then they ignored the schedule of liabilities?—The schedule of liabilities was not down as part of the Appropriation Act, because £300,000 was thought sufficient to meet the whole schedule, and Mr. Larnach estimated the whole sum would be required.

136. *Mr. Macfarlane.*] That arose from some Superintendents including works not contracted for, but merely named?—That was, liabilities that might have to be met. The vote was cut down to £300,000 afterwards. The whole amount appropriated was £327,000.

137. *Mr. Montgomery.*] There was a sum voted for arrears of survey in Nelson and Wellington?—That was included in the schedule of provincial liabilities to which I have referred. Those two districts were included.

138. Those districts that had received the proceeds of the sale of land previously. Those districts that you voted money to, to pay your arrears of survey?—The Land Fund in those districts was not sufficient to meet the charges.

139. *The Chairman.*] In a great number of cases it was land sold on deferred payment?—The charges against the Land Fund were greater than the Land Fund.

140. *Mr. Montgomery.*] I mean surveys?—The surveys could not be provided for out of the Land Fund, because it was not sufficient. It was therefore put as provincial liabilities. We had been issuing Treasury Bills to make up deficiencies in those provincial districts.

141. The amount received from land had been absorbed in paying charges against it?—Yes; the gross amount had been placed to their credit, but no net amount, as the charges exceeded the amount.

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,

Hon. Mr. Bal-lance, M.H.R. so far as the law is concerned, the Government had no more right to deduct this than the other. The whole case is one of equity.

29th Aug., 1878.

167. There was no agreement in writing or otherwise that the arrears of survey in Canterbury should be deducted from Land Fund?—No, there was no agreement; but, by the nature of the case and from all the circumstances which I have described, we believed that it was a fair and reasonable deduction; that the proceeds of the Land Fund should pay for the surveys of the land—the surveys of the particular land, the proceeds of which were available.

168. *Mr. Montgomery.*] Can you say the Government was aware that a great deal of the land was unsurveyed?—I cannot say what at the time the Government was aware of.

169. Can you remember a question which I asked in the House upon the 13th September, to which Mr. Reid replied that there were 560,851 acres unsurveyed?—Yes; that was in Canterbury.

170. So that the Government was aware that there was that amount of land unsurveyed at that time?—I do not know that the Government was aware. The Government might have overlooked it. You must remember the Public Revenues Act was passed after that Government left office. The Act on which you rely was passed afterwards.

171. There was no provision made in the estimates for this survey—no money appropriated for these arrears of surveys?—No.

172. Therefore, though this Land Fund became afterwards consolidated revenue, you had no power to appropriate it as arrears of survey?—That is the point in dispute.

173. But you had no power by law?—That is the whole question.

174. I suppose you cannot pay any money but what Parliament has appropriated?—Or has given authority for in some way.

175. Therefore this money you detained was not appropriated?—It was made part of the Consolidated Fund.

176. But Consolidated Fund not appropriated without Act of Parliament?—Yes. The land revenue is part of the Consolidated Fund, and we had a perfect right to pay for arrears of survey to the extent appropriated.

177. But no more. Had you any power to appropriate any money but what was authorized by Parliament?—Certainly not.

178. Then this money was not authorized last session—this £127,000 you have detained?—Of course, I have stated that. The proposal of the Financial Statement was to appropriate so much each year to bring up arrears of surveys.

179. *Mr. De Lautour.*] You simply retained the money?—We simply retained the money, and shall ask for power this year to retain it.

180. *Mr. Montgomery.*] This money you retained was not appropriated. No authority was given to you to retain it?—I have stated that. We have asked for an appropriation this year of £34,000 out of £127,000, and we showed you how we proposed to deal with the money. If there was any appropriation there would be no question about it.

181. You consider that being part of the consolidated revenue you can use it?—After appropriation.

182. Can you use any part of the Consolidated Fund without specific appropriation?—We can do it in three ways—either by permanent Act, by appropriation of the House, or by unauthorized expenditure. I have stated how we propose to ask for appropriation this year. The schedule of provincial liabilities to which I have referred amounts to £661,044. There is set down under the head of Wellington, arrears of survey, £9,500; under the head of Nelson, £24,005; and Canterbury nothing for arrears of survey. That amount has been estimated in Mr. Lanarch's Financial Statement as the amount that would have to be provided for out of provincial liabilities.

183. *Mr. Johnston.*] I should like to ask you, suppose the Government, for the payment of any surveys specially payable out of Land Fund, exceeded the amount authorized to be paid out of Land Fund, to what account would such excess of expenditure be charged—to unauthorized or Land Fund?—If the amount to be paid exceeded appropriation, it certainly would be to unauthorized.

184. Suppose where the surveys are specially payable out of Land Fund before the 31st December, and out of Land Fund £20,000 had been appropriated for surveys, and you chose to make surveys to the amount of £100,000?—We could not do it. We could not exceed the appropriation except as unauthorized, the total amount of which in one year is £100,000.

185. Even if you had entered into contracts before the 31st December for the prosecution of all these surveys, the Government could not have charged the liability on these contracts upon the Consolidated Fund without appropriation?—Certainly not; unless out of authorized expenditure, if there was a sufficient balance of unauthorized available. We could not stop it without appropriation.

186. *Mr. De Lautour.*] I did not understand you to say that it requires an appropriation in order to justify you in retaining certain charges due by law?—Certainly not; the two things are quite distinct.

Mr. De Lautour: I merely understand it to be retained to meet charges which the Government hold to be due in law.

187. *Mr. Saunders.*] What portion of this £127,000 is for arrears of survey, and what portion for corrections and other things?—The respective amounts are contained in the estimate of the Surveyor-General, in possession of the Committee.

APPENDIX A.

The Hon. the Colonial Treasurer.

THE Commissioners of Audit feel it their duty respectfully to call the attention of the Hon. the Colonial Treasurer to the serious consequences arising from the present use being made of the balances of the Land Fund, to which reference was made by the Commissioners in their memorandum of the 1st instant.

The balances belonging to Otago and Canterbury on the 31st December were together £376,741 11s. 1d.; and, supposing the account is kept open in the manner adopted by the Treasury, those balances, as shown in the Treasury statement, amount to £393,300 1s. 11d. The cash balance in the Consolidated Fund at the present moment is £374,993 5s. The whole of which is made up of moneys which have been specially appropriated by Parliament to other purposes, and are not lawfully available for the ordinary services of the Consolidated Fund. Had the Land Fund been left as a separate fund, the Commissioners of Audit would have been unable to continue to issue against the Consolidated Fund until it was supplied by deficiency bills, or other lawful means, with funds to meet its requirements. But the Land Fund being now a part of the Consolidated Fund, the Commissioners must consider all the moneys in it as equally available for Consolidated Fund services. At the same time they feel that they would be neglecting their duty were they not to point out that the present ability of the Consolidated Fund to meet its engagements is only acquired by diverting large sums of public money from the uses to which they were expressly appropriated by Parliament, and that not by ordinary appropriation but by positive enactment: that the moneys in question should be paid over in the manner directed before a specified day. (See section 16, "Financial Arrangements Act, 1877.")

JAMES EDWARD FITZGERALD,
Commissioner of Audit.

3rd May, 1878.

APPENDIX B.

THIS account cannot be audited. It is, in my opinion, an unnecessary account, not warranted by law. There was no authority for keeping this account at all after the 31st December, and the transactions included in it ought, with the balances, to have been carried into the Consolidated Fund on the 1st January. That was the clear intention of the Act of 1877. This account is not made up on figures which have been passed by the Audit Office in requisitions, and therefore can only be audited by comparing it with the original vouchers. It shows a balance of £335,000 in a Land Fund account on the 31st March in direct violation of the law, which required all balances to have been paid over before that period to the bodies to which it belonged.

JAMES EDWARD FITZGERALD,
Commissioner of Audit.

1st May, 1878.

APPENDIX C.

The Hon. J. Ballance, Colonial Treasurer.

REFERRING to your inquiries this forenoon *re* estimate of completing arrears of Canterbury surveys, I forward copies of correspondence between Chief Surveyor and myself on subject, from which it will be seen that on 1st of January of present year there were awaiting for survey—

722,413 acres, estimated to cost 2s. per acre	...	...	...	...	...	£72,241
Revision surveys	...	...	...	...	...	55,000
Total sum recommended to be set aside for arrear and } revision surveys						£127,241

You will note from correspondence that I suggested 2s. per acre for the arrear surveys. This was made with the knowledge that the field work alone in Canterbury had cost 1s. 10½d. per acre for the six months ended 31st December, 1876, and 2s. 6½d. per acre for six months ending 30th June, 1877; or over an average of 2s. per acre for field work, without any allowance for mapping or office establishment, which may be stated at from 4d. to 6d. per acre.

The cost of the field work for the year ended 30th June, 1878, is for	s.	d.
Canterbury	0	11½ per acre.
Triangulation, 1½d., say	0	2 "
Inspection, mapping, preparation of Crown grants, and generally, office expenses	0	6 "
Cost of survey	1	7½ "

I have not included anything for cost of Land Office. It will not be safe for the Government to count on the arrear surveys costing less than 3s. per acre, as it is quite possible, from scarcity of surveyors, or other causes, the cost of field work may vary.

The revision survey will be very costly. On Banks Peninsula the cost per acre of one surveyor's return was actually 9s. 4d. The Government cannot shirk this work; it must be done. The department avoids revision as much as possible, as it only brings us discredit from its great cost.

J. MCKERROW,
Assistant Surveyor-General.

8th August, 1878.

