

1878.

NEW ZEALAND.

PUBLIC ACCOUNTS COMMITTEE.

(REPORT ON DISPUTED ACCOUNTS BETWEEN THE GENERAL GOVERNMENT AND THE LOCAL BODIES IN OTAGO, TOGETHER WITH MINUTES OF EVIDENCE, &c.)

REPORT.

THE Public Accounts Committee have the honor to report that they have carefully considered, inquired into, and taken evidence upon a dispute that has arisen between the Provincial District of Otago and the Government relative to certain deductions made by the Government from the Land Fund of Otago; and that they have come to the following resolution:—

“That the balance of land revenue shown, in the table appended to the Financial Statement of 1877–78, in favour of the Provincial District of Otago, amounting to £56,549 8s. 7d., or thereabouts, should be distributed among the local bodies as provided in and in the proportions prescribed by ‘The Financial Arrangements Act, 1876.’”

25th October, 1878.

OSWALD CURTIS,
Chairman.

MINUTES OF EVIDENCE.

Mr. GEORGE McLEAN, M.H.R., examined.

The claim is for money accruing in two financial periods, part in 1876–77 and part in 1877–78, up to the time that the land revenue became colonial revenue. What I propose to show is this: that during the half-year ending 30th June, 1877, by clause 4 of “The Financial Arrangements Act, 1876,” certain charges, mentioned therein, were to be taken from land revenue, and the balance, if any, divided amongst the counties. During the half-year ending 30th June, 1877, there was a deficiency of £36,000; during the next half-year, up to the 1st January, 1878, there was a surplus of about £90,000. By law any deficiency of a former period is carried forward, and of course that reduces the £90,000 by £36,000. The surplus then left by “The Financial Arrangements Act, 1876,” and the Amendment Act of 1877, is the property of the counties, to be distributed among them according to area and population. And, further, clause 16 of “The Public Revenues Act, 1877,” directs that the surplus so arrived at shall be paid over to the counties before the 31st March, 1878. So that, by these two Acts, some £54,000 is clearly the property of the counties, and cannot be taken away for any other purpose. With regard to the Otago Provincial Public Works Advances Act, mentioned by Mr. Montgomery, I say that that has no bearing, because when the provinces were abolished the colony became liable for the provincial liabilities. Therefore no debt incurred under that Act can be charged. And, as proving what I say, the surplus Land Fund was not taken on 30th June last. I believe there is no law to enable the Government to take it out of the account. That, I hold, is the case for the counties, and that money must be paid over to the counties. Now, with regard to this agreement with the Superintendent of Otago, which has been spoken of, supposing it to be in existence: Under that agreement £60,000 was advanced to the province, of which a part (£6,000) has been paid back. I may say that Mr. Macandrew always claimed £30,000 for the site of the Dunedin Railway Station. So that, even if you take this sum of £60,000, this £30,000 has to be paid back. Then that would still leave some £30,000 to go to the counties. I claim that under the Financial Arrangements Act there is £54,000 odd which is the property of the counties and belongs to them, and cannot be taken to pay the debts of any defunct body. The Acts are perfectly clear. The clauses bearing on the subject are clause 4 of the Financial

Arrangements Act, which sets out certain deductions; then clause 7 of the Act of 1877 says that the balance shall be paid in accordance with the Act of 1876; and clause 16 of the Public Revenues Act provides that such balance shall be paid over before the 31st March, 1878; and I hold that by law it should have been distributed amongst the counties before the 31st March, 1878.

1. *The Chairman.*] You say that it is a sum advanced under the Otago Provincial Public Works Advances Act. Do you contend that it is just the same liability as one ordinarily incurred during the existence of the provinces?—Yes; it is a provincial liability. If you take their assets you must also take their liabilities. This I hold to have been the case, and this sum is the property of the counties. By law it became the property of the counties, without other deductions than are set out under “The Financial Arrangements Act, 1876,” and should be distributed, under clause 9 of that Act, according to area and population.

2. Are you aware whether any agreement was made with the Superintendent of Otago under the Otago Provincial Public Works Advances Act?—I have been through the papers, but I have not fallen across the agreement. I have, however, come across this: that the late Colonial Treasurer attempted to take an amount out of the Land Fund, and I compelled him to leave it alone. As regards this railway station site (I am speaking now as against that advance being charged), no Government has ever objected to allow for the railway site, only the sum claimed has been disputed. I think that no person in Otago will say that £8,000 an acre was not a fair estimate.

3. *Mr. Oliver.*] This advance of £60,000 was to be expended on public works?—Yes.

4. Which have become the property of the colony?—Yes; the public works and railway site have become now the property of the colony.

5. Have you ascertained what the surplus land revenue on the first of January was?—The published accounts show it to be about £94,000; I made it out to be £89,000. I asked Mr. Batkin for a statement of the amount. Of course I cannot make out from the published accounts every detail. The £56,000 on the first January is acknowledged as due to counties in the published statement. I may say, further, that I believe the Government had to leave it over, and that now it cannot be taken out. This furnishes a still further argument that the balance is the property of the counties.

6. *Mr. Johnston.*] I think I heard you say that in the first half-year of 1877 the Province of Otago had overdrawn £37,000?—£36,000.

7. So that, if the counties require the surplus, all that is left as between them and the colony is £20,000?—There is a surplus revenue in the last half of the year of £90,000. I say that, by the Financial Arrangements Act, they have legally taken £36,000, being the deficiency of the former half year; reducing the £90,000 by the £36,000, it leaves what I hold is the balance that belongs to the counties. I should like to say, in answer to Major Atkinson, that the claim for the railway station site was acknowledged by the late Government, before I was in office, as a liability by the colony to the Provincial Government. Subsequently we acknowledged it as a liability. I have no reason to think that it has been dealt with in any way, or considered by the present Government.

8. *Mr. Murray-Aynsley.*] The £90,000 is revenue from the 1st January to the 30th June, 1877?—No; from the 30th June, 1877, to 31st January, 1878—up to the time that the land revenue was made colonial revenue. This arrangement with the counties has only been in existence for one year.

9. I understood Mr. De Lautour to say that you were going on the second half of the year?—The financial arrangement which gave counties the surplus land revenue has been in force for one year—the last half of the financial year 1876–77 and the first half of the year 1877–78. In the second half there was a surplus of £90,000. If you deduct £36,000, the deficiency of the former half year, that still leaves £54,000 for the benefit of the counties, which, I hold, is now their property.

10. Previous to the 1st January, 1878?—Yes; previous to the 1st January, 1878.

The Hon. Mr. BALLANCE, Treasurer, examined.

11. *The Chairman.*] Will you state to the Committee your view of the matter, Mr. Ballance?—My view of the matter is this: that this amount of £54,791 has already been taken under the Otago Provincial Public Works Advances Act of 1874 legally—that is, was appropriated as a portion of the ways and means last year; that on the 1st January it was not taken out of the surplus land revenue, because it had already been taken by law. I hold there can be very little doubt indeed about the law; that no further legislative sanction is required to take this money; and that the Public Works Appropriation Act of last year is itself a recognition of the Act of 1874 and the agreement made under that Act; that it has already formed part of the ways and means; and that it has been appropriated by the Legislature. In proof of that I would say that the Audit has passed this amount, and it is a part now of the Public Works Fund.

12. Has the amount been withdrawn from the Land Fund Account?—Yes; from the surplus land revenue. The Financial Arrangements Act of last year is, of course, subject to the Act of 1874 in that respect, so far as they do not conflict. I do not think they conflict, and, even if they did, the money had already been appropriated—taken before the Financial Arrangements Act commenced to operate.

13. *Mr. Stevens.*] Would you mind saying under what Act it is that it is taken?—Under the Act of 1874.

14. Which clause?—There is only one clause besides the title.

15. *Major Atkinson.*] When you say the Act you mean the agreement?—The Act and the agreement under the Act: in fact, the agreement is a part of the Act.

16. *The Chairman* (after reading the Act).] Is there an agreement in writing?—Yes.

17. Is it on the strength of that agreement that the Auditors have authorized the transfer of the money?—I presume so; the Commissioners of Audit have not stated their reasons; they have simply sanctioned it.

18. Does this Act comprise the agreement stated—the elements of the case?—Yes; I should say it is sanctioned by the Act of 1874 and the Appropriation Act. Clauses 2 and 3 refer specially to the ways and means, of which the amount forms part.

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

£54,000 to the province in 1874?—The credit to the Land Fund was distributable, less the permanent charges.

52. Did you not feel yourself entitled to retain it?—Yes.

53. Then, in that case, why did you not take it at once, instead of not doing anything until after the expiry of the financial year, and then say you had still in hand the money as revenue received, and that it formed part of the £279,000 available for special services?—You mean to say, why was the amount not taken before the end of the year?

54. Yes; because apparently, by law, if you did not deduct it not later than 31st December, 1877, you were required to pay it to the local bodies on or before the 31st March, 1878?—I presume it was overlooked; but it was always considered that it was an asset. I cannot say exactly why it was not done. If considered an asset, why should it have been distributed?

55. From the 30th June, 1877, to the 31st December, 1877, there accrued £56,000 of surplus land revenue, after defraying all charges, which would have been divided amongst the local bodies had there not been this debt by the province to Public Works Account?—Yes; but for this £54,000.

56. Then why did you not, as soon as possible, deduct from the land revenue received during the six months the £54,000 you thought should have been charged against it. Why did you do nothing? Apparently you did not even make an entry; but, on the contrary, so late as July, you publish a statement of revenue received and charges against it, showing a surplus of £56,000 apparently due to the local bodies?—I do not know why it was not done. It was overlooked, I suppose.

57. Nothing having been done with the amount in your possession, do you think that the law is so clear that no further legislation is required?—Undoubtedly; in my opinion there is no doubt about the law on the matter.

58. In point of fact, it is out of the power of the House to appropriate it?—It is out of the power of the House to do anything except to reverse the action by legislation.

59. *Mr. Oliver.*] You say that the counties have been endowed with this 20 per cent., and with this surplus revenue: then how do you expect to deduct from the surplus?—We deduct under the special agreement.

60. Has not that agreement become squashed by the Financial Arrangements Act?—I do not think so.

Mr. J. E. FITZGERALD, Commissioner of Audit, examined.

61. *Mr. Curtis.*] We have asked you to attend the Committee for the purpose of giving us any information in your power on the subject of the transfer of about £57,000 from the Land Fund of Otago to the Public Works Loan?—The transfer was made to repay advances made to the Province of Otago under the Otago Provincial Public Works Advances Act, which were, under an agreement between the Governor and the late Superintendent of Otago, to be repaid by monthly instalments in cash; or, if not paid in cash, then by deductions from the Land Fund. The sum in question was the unpaid balance of that loan.

62. Do you not consider that the effect of the Financial Arrangements Acts was to abrogate that arrangement, and make the Land Fund the property of the Counties?—The Commissioners of Audit had great doubts on that point. I declined, in the first instance, to pass the voucher for the transfer, on the ground that the balance of Land Fund on the 31st December had been otherwise appropriated by Parliament. But it was pointed out to me that this was a legal charge on the Land Fund, which was preserved under the 11th and 12th sections of "The Financial Arrangements Act, 1876," which has not been repealed, and is still law. I therefore requested that the opinion of the Solicitor-General might be obtained, in the following memorandum:—

"The Commissioners of Audit would be glad to have the opinion of the Law Officers of the Crown on this question: Has the agreement between the Government and the late Superintendent of Otago made in virtue of 'The Otago Provincial Public Works Advances Act, 1874,' the effect of a permanent charge on the Land Fund of Otago within the meaning of the 12th section of 'The Financial Arrangements Act, 1876'?"

"If the Law Officers decide yes, the transfer may pass.

"J. E. F.-G.—2/9/78."

The Solicitor-General's reply was as follows:—

"It is difficult to construe such a provision as that contained in 'The Otago Provincial Public Works Advances Act, 1874.' The power conferred is in very general terms, and the advance authorized is to be made on such terms and conditions as shall be agreed upon between the Minister for Public Works and the Superintendent of the Province of Otago. If the agreement made distinctly provides that the advances were to be a charge upon the Land Fund, then I think it would come within the meaning of the 11th or 12th section of 'The Financial Arrangements Act, 1876,' according to circumstances.

"W. S. REID.—15/9/78."

In the face of this opinion, I did not think the Commissioners of Audit ought to refuse to pass the voucher presented to them by the Government.

63. *Mr. Montgomery.*] When was application made to you to audit this account?—The account was sent in about the 3rd of July.

64. Section 6 of "The Financial Arrangements Act, 1877," effected a complete change in working these accounts. Does not this section nullify the Act of 1876, so far as relates to the stoppage of this Land Fund?—No. The effect of the Law Officers' decision was, that the balance of Land Fund on 31st December, 1877, must be interpreted to mean the Land Fund less any legal charges under previous Acts.

65. Do not these Acts conflict?—They may do so.

66. Would not the latter Act, in this case, become law?—I am not prepared to say.

67. You had great doubts, had you not, as to the legality of these deductions?—Yes; I objected to pass the voucher at all, in the first instance.

68. Does not the Financial Arrangements Act of 1877 whitewash the indebted provinces, and enable them to start on a new basis? Does not section 6 appropriate 20 per cent. of the whole Land

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

impound the Land Fund for the instalments overdue. The Superintendent assented to this proposal in a telegram addressed to the Colonial Secretary, and dated 8th November, 1875.

Although the language used is not technical, I think it sufficiently expresses the intention of the parties that the Land Fund of the Province might be retained in case default was made in paying the instalments.

I take it the word "impound" was used as meaning "power to retain."

Although I do not understand that a question is raised as to the power of the Superintendent to make such an agreement affecting the land revenue of the province, it is perhaps better that I should state my view respecting it. Looked at from a strictly legal point of view, I think it doubtful whether the words of the Act of 1874 are strong enough to give such a power. On the other hand, the words used are wide: an advance was authorized to be made "on such terms and conditions as shall be agreed on between the Minister for Public Works and the Superintendent of the province."

Clearly the terms of repaying the advance might be stated in the agreement; and it may, I think, be fairly contended that the Legislature meant to give the parties full powers in the matter—not regarding it strictly as a matter of contract which could be enforced in a Court of law, but one of fair and reasonable arrangement between the Government of the colony and the Government of the province. Moreover, as the money was to be paid to the Provincial Account, it was subject to appropriation by the Provincial Legislature for the purposes intended, and, I presume, was so appropriated.

I may add that, although the correspondence referred to did not take place between the Minister for Public Works and the Superintendent, I gather from the papers that the former sanctioned what was done.

2. As to the second question: Subject to what has been stated above, I think the agreement would constitute a charge upon the Land Fund other than and separate from the permanent charges in clause 4 of "The Financial Arrangements Act, 1876."

3. The answer to the third question is contained in my answer to the first question.

4 and 5. These questions may be considered together. They affect the operation of two enactments apparently in conflict.

Section 12 of "The Financial Arrangements Act, 1876," purported to preserve charges upon the Land Fund, notwithstanding the specific alterations made in the disposition of that Fund by prior parts of the Act. The amending Act of 1877 (section 4), which made the Land Fund part of the consolidated revenue, preserved the operation of sections 11 and 12 of "The Financial Arrangements Act, 1876."

In the same session a Public Revenues Amendment Act was passed the 16th section of which required that the balance of Land Fund for the half-year ending 31st December should, "notwithstanding anything in 'The Financial Arrangements Act 1876 Amendment Act, 1877,' or this Act, be payable, and shall be paid, as provided in 'The Financial Arrangements Act, 1876,' within ninety days of the said 31st December."

The Public Revenues Act was passed on the 8th December, the Financial Arrangements Act of 1877 was passed on the 10th December, so that the former, in referring to the latter, referred to an Act that was not then law. The point is not important, because both Acts were declared to take effect on the 1st January, 1878, except in so far as it may help to an interpretation of the clause under consideration.

In my opinion the operation of section 12 of "The Financial Arrangements Act, 1876," is not interfered with by section 16 of the Public Revenues Act. The latter deals only with a balance of Land Fund for the half-year ending 31st December, and it would seem the object was that this specific portion of revenue should be secured to the local bodies, and paid within a stated time, as provided by section 9 of the Act of 1876—in fact, that the local bodies should, as to this half-year's Land Fund, be protected from the possible action of the Legislature in passing the Financial Arrangements Act of 1877, a measure the final terms of which could not then be known.

It is a general rule of construction that a Statute will not be presumed to have intended to alter the law beyond its immediate scope and object; and I think this principle is applicable in the present case, and that the scope and object of section 16 of "The Public Revenues Act, 1877," is limited to the particular matter provided for. If the contrary could be held, then the many Acts setting aside blocks of land as special security for advances, or making agreements for the repayment of such advances, would in like manner be affected; and sections 11 and 12 of "The Financial Arrangements Act, 1876," would have no operation.

The Chairman, Public Accounts Committee.

W. S. REID.