

50. Assuming it is public money, Mr. Johnston is now an accountant to the Audit?—Yes.

51. If I had written across this, "This money is to remain in the deposit account of the Minister for Public Works," he would have to do exactly the same in both cases?—Yes.

52. I find that on the 24th you addressed a memorandum. On the 27th Mr. Johnston replied to it and sent it back. On the 27th you wrote a second minute which went to Mr. Johnston. You asked for information. You took no action then; you did not know the position?—Yes.

53. On the 27th Mr. Johnston referred the papers to you for your information?—Yes.

54. On the 27th you wrote to Mr. Johnston that the money ought to be a deposit. You did not seem to have made up your mind absolutely. You say it is apparently a deposit within the terms of the Act; and then you go on to say, "and can only be paid into such account as the Treasury directs, being (see section 2, Act 1882) an official account in the name of the officer holding it. Please to forward the Colonial Treasurer's authority for its custody. Deposit accounts will have to be furnished as required by the regulations." Then, when you wrote to Parliament to say your memorandum remained unanswered, you mean this minute?—No; but in the meantime I had a conversation with you, and you practically informed me that no answer was to be given. I understood that you did not really regard it as public money at all. I then said to you it is a question that Parliament should decide.

55. So the memorandum comes to this note, in which you have expressed a doubt, and request the Treasurer to remove it?—Yes.

56. And upon that you think you were justified in saying that your memorandum remained unanswered?—Most certainly.

57. No other memorandum was written?—No.

58. Did you meet me in the street by accident?—Yes.

59. Whom was I with? You remember I was with Judge Richmond?—Yes.

60. After shaking hands, and so on, you immediately said, "What about this £18,000?"—Yes.

61. And I remarked to you it was very doubtful whether it was public money?—I think you denied it altogether.

62. I expressed my opinion as to what it was?—Yes.

63. And you then told me you should have to write to Parliament; and I replied, "Write away anything you like"?—Yes.

64. And you then went to your office?—Yes.

65. Did the Secretary of the Treasury come to you there?—Not before I had written the memorandum to Parliament.

66. He did come before you sent the memorandum to Parliament?—Yes.

67. And what did he say to you?—We had a conversation. I do not recollect anything definite of what he said.

68. Did he ask you whether the money could be paid by Mr. Johnston?—I do not recollect him asking me. It was a very desultory conversation. I do not recollect that question.

69. You were not aware that Mr. Gavin had been sent by me to you to ascertain what should be done?—No; I did not think so.

70. Did you tell Mr. Gavin that you would not give an opinion on the subject because you wanted to write to Parliament?—I stated to him that I had written, and to the best of my recollection read what I had written.

71. You declined to give an opinion?—I do not think any opinion was asked for.

72. Then, your whole reason for writing this was because I had met you for a moment hurrying up to the House, and expressed the opinion I have stated?—Because I thought the Government were satisfied with the position of affairs as they were, and did not intend to alter the position.

73. But what ground had you except that casual conversation?—Mainly that the position had not been altered. I looked on the thing as a very grave impropriety.

74. Do you think this memorandum conveys the idea in any way that a grave impropriety has been committed? Will you read the memorandum?—The memorandum is as follows: "The Audit is informed that a sum of £18,000 has been paid to the Government by the New Plymouth Harbour Board which has not been paid into the Public Account. It is requested that the papers on the subject may be submitted to the Audit, with information as to where the money in question is lying."

75. And you think that was sufficient for the Treasurer to think a grave impropriety was committed: that it was such a minute as the Treasurer, on reading it, could have supposed the Audit to mean that there was a most irregular transaction going on which required immediate attention?—I think he would have seen that, in my view, a large sum of money was not in proper custody at law.

76. It is not in proper custody at law, according to your own account: you have already told us that Mr. Johnston is a public accountant, and would have to account?—It was a very grave impropriety.

77. Did you report that to the Treasurer?—I should have done so if Parliament had not been in session, and further correspondence had gone on. I should have represented to the Treasurer the view I took.

78. And why did you not represent to the Treasurer that a grave irregularity had been committed, and you would have to report to Parliament?—Because Parliament was shortly to break up, and I preferred that Parliament should settle the question.

79. Is there anything in this minute which would have led the Secretary to the Treasury or the Treasurer himself, if he had read it, to think it a matter of great urgency?—I saw the Secretary in the morning, and expressed my own opinion that it was of a very urgent character. I begged him to see you on the subject.