

102. Then you did not understand the Secretary of the Treasury to put such a question to you?—No. I may say that what the Secretary said to me may have been modified by the fact that I had already written and read to him the memorandum I had written to the House.

103. But I presume your wish was not so much to bring the matter before Parliament as to see the thing put in such a state as you considered regular?—Certainly; I would have withheld my memorandum if there had been any such intimation given to me.

104. *Mr. Wright.*] Would you have taken the same objection to dealing with this £18,000 had it been paid to Mr. Walter Johnston as a private individual, he still using his power as Minister for Public Works to expend the money?—Yes. I think it would have been a very highly improper transaction altogether. I should have felt it my duty to report it to the House.

105. Did you call the attention of the Treasurer to this irregularity before writing the minute in your letter to the House?—No. As I said before, I understood the Minister had decided that the matter should remain as it was, and was not open to further discussion. My memorandum to the House was written under that clear impression.

106. *Hon. Major Atkinson.*] And was entirely founded on a conversation of two minutes with me in the street as I was hurrying to the House?—If it had been only a single word it would have been sufficient. It was a question of Yes or No. I beg to be allowed to say that there was no hurry on my part. It was simply a question of fact as to what the Government intended to do, and what position they intended this money to be in. Properly the Audit ought to have been informed in the first instance on such a matter, unless the Government took it to be entirely private money. No such information was afforded to the Audit at all. I waited for a whole week until I received the assurance from the Treasurer I have stated; and upon that I said that my opinion was that the matter ought to be reported to the House for the House to decide.

107. *The Chairman.*] If the Minister for Public Works repays this money, must the cheque by which it is drawn be signed or countersigned by you?—Not as the matter stands. I have no official knowledge of the matter at all at present. As a depositor he would send in his account showing on one side the money received, and on the other side the money paid; and then if we took objection to what had been done with the money we should deal with it under the Act.

108. But had the authority been received from the Treasurer to pay it into a particular account it would then have come under your revision as a matter of course?—Yes; we should have called upon him to account. Practically the question comes to this: in the expenditure of this money, if he is a depositor, he has to furnish accounts. If he furnishes accounts showing how he spends this money, then, if it has been spent in a manner which is illegal, our duty would be to see the money repaid into the Public Account; and, if not, we should sue him for it.

109. As the account now stands have you that power?—No, certainly not; and what I wish to know is whether it is right that the Minister should stand in such a position to the Audit, or rather if the Audit should stand in such a position to the Minister. This is the only case in which it has been attempted, and I thought it should be decided at once.

110. *Hon. Major Atkinson.*] I should like to ask one other question. I have apparently misread Mr. FitzGerald's memorandum. I understand that the one question that he wanted Parliament to decide was whether Ministers were to be in the position of imprestees. I fail to find that in the memorandum. Would he therefore be kind enough to point out where he brings out this important question?—It is the gist of the whole question.

111. No; the only question is whether this £18,000 is not improperly in the hands of the Minister for Public Works, but should be in the hands of some one else. It would have been in the hands of the Engineer of the New Plymouth Harbour Board, and then the memorandum would have been just as logical as it is now?—Would it?

112. As far as I can read it?—If you can ask a definite question I will answer it.

113. I understand you to say that the great question you wanted Parliament to decide, and which was the reason for your writing this memorandum, was to know whether Ministers were to be allowed to be imprestees?—Parliament is now informed of the fact by this memorandum.

114. And you left them to infer that from the memorandum?—The memorandum conveys that.

115. Will you show me the passage on which you rely in saying that that was the question which you wanted Parliament to decide?—I think the whole memorandum raises that question.

Mr. WALTER SCOTT REID, Solicitor-General, examined.

116. *Mr. Barron.*] Have you read the memorandum of the Controller and Auditor-General, submitted to the House; and, if so, do you think the moneys therein referred to are public moneys under the Public Revenues Act?—Yes; I have read the memorandum. I read it last night, and I came to the conclusion, upon the facts that were represented to me, that they were public moneys.

117. Being public moneys they are subject entirely to the provisions of the Act relating to public moneys?—Clearly.

118. *Mr. Wright.*] Being public moneys, do you think it is competent now for the Minister for Public Works to withdraw those funds by cheque without the concurrence of the Auditor-General?—Upon the facts that have been represented to me I think it is. I should say the money has been paid simply to an official or deposit account.

Mr. J. C. GAVIN, Secretary to the Colonial Treasurer, examined.

119. *Hon. Major Atkinson.*] Yesterday, Mr. Gavin, I think you met me at my door with this paper?—About 1 o'clock; you were just going to lunch.

120. And, I think, I asked you to go and see what was really necessary in the matter?—Yes.

121. Did you, during the afternoon, see the Controller-General?—Yes.

122. What did you say to him?—I asked him whether this money could be withdrawn by the cheque of the Minister for Public Works, and he declined to give any opinion.