

155. I was about to say, would not an application that the Treasury should do something, the application being based on a statement which the Treasurer perceives to be incorrect—would not such a case be considered less urgent than it otherwise would be?—Yes; I think so.

156. *The Chairman.*] The Minister for Public Works has an account at the bank, has he not?—This is the only account he has that I know of: the one to the credit of which this money was placed.

157. Has the Audit Office any control over the custody or expenditure of money in connection with that account?—No control.

158. Over the expenditure or custody?—No control over either.

159. Then money could be issued from that account without coming under the Auditor's review?—Yes; without his previous sanction.

160. *Hon. Major Atkinson.*] As in the case of other depositors' accounts?—Yes.

161. *The Chairman.*] Do I understand, then, that this is a deposit account?—I take it to be a deposit account.

162. And all other deposit accounts are subject to the same condition?—Yes; they can be drawn upon without the authority of the Controller being previously obtained. The only case in which his authority is first obtained is in the case of refunds of contractors' deposits. These are all paid into the Receiver-General's account, and payments are submitted to him before cheques are drawn. He has nothing whatever to do with payments out of other accounts until after payment.

163. Do those deposit accounts generally consist of large sums?—Sometimes there are large sums paid in, as in the case of the Law Trust Accounts. I have known a sum as large as £7,000 or £8,000 paid to such account.

164. *Mr. Barron.*] When the money is paid back to the New Plymouth Harbour Board, will it be paid back with the interest it has earned while in the custody of the Minister?—I am not able to answer that question. There was an arrangement made, I believe, that the Board should get interest on the daily balance of the account, and I presume that, under that arrangement, the Board would get any interest which has accrued up to the date of repayment.

165. Has the rate of interest been greater than it would have been had the money been paid into the Public Account or any other account contemplated by the Public Revenues Act?—The rate of interest, I think, is mentioned in this letter [produced].

166. Would it have earned any more than what it has done?—I do not know what it has earned. This letter does not state. I have an impression that it is 5 per cent. If the money had been paid into the Public Account it would have been earning 3 per cent; but whether the Board would have got that money, or whether it would have gone to the credit of revenue, I am unable to say.

167. But the money has been earning 5 per cent., and had it been used in accordance with the course indicated by the Controller it would have been only 3 per cent.?—It would have been earning 3 per cent. if it had been transferred to the Receiver-General's Deposit Account. But if this arrangement had not been made by the bank with the Harbour Board the money would not have been earning interest at all where it is lying at present.

168. Then, do you know, when the money was handed over to the Harbour Board by the Government, whether there was any arrangement made as to the rate of interest?—No. I have no acquaintance with the facts of the case beyond what appears in these papers.

169. *Hon. Major Atkinson.*] There is one question which arises out of the subject of the delay in submitting this to me. I want to ask you quite distinctly again whether, from this minute or any of these papers, you considered, irrespective of any communication, they were of such an urgent nature that it would be your duty to seek me out at any cost, and get my opinion upon it?—No; I did not think it was so urgent as to necessitate my troubling you during your business in the House.

170. *Mr. Barron.*] Had you any verbal communication with the Controller and Auditor-General as to the urgency of the matter?—Yes; yesterday morning, when he came to my office and pointed out that he had not had a reply to his memorandum, and that if he did not get it by 4 o'clock he would report the matter to Parliament.

171. *Hon. Major Atkinson.*] And then you saw me?—Yes.

172. And I told you to go and see about the matter?—Yes.

173. *Mr. Barron.*] And that was the first time that the urgency of the matter was brought before your notice?—Yes; I had a conversation with him some three days before, and there was nothing said about urgency.

174. *Hon. Major Atkinson.*] So that the first you knew of the urgency of the matter was yesterday morning?—Yes.

175. *Mr. Barron.*] But in previous conversations did not he lead you to believe that there was a serious irregularity going on, and that it would be necessary at once to put it right?—No.

Hon. the COLONIAL TREASURER, examined.

*Hon. Major Atkinson:* I wish to say that the first that I knew anything about this money—except, generally, that Mr. Johnston had had communication with the Harbour Board—was yesterday, about 12 o'clock, when the supplementary estimates were being considered by the Cabinet; that is, of course, irrespective of the discussion which occurred in the House on Saturday afternoon. When the estimates came up in Cabinet I raised the question as to whether it was necessary that a vote should be taken. The vote appeared on the estimates by the direction of Mr. Johnston. I raised the question whether the money was public money in the sense of the Act, and whether it was necessary to take a vote of Parliament about it; and the Cabinet left it with me to find out whether a vote of Parliament ought to be taken or not. After the Cabinet was over,