

I went down to my office about 1 o'clock, transacted two or three urgent matters of business, and then Mr. Gavin presented me with this memorandum. I told him, having gone through the supplementary estimates with him, that I would not take any further action in the matter until I had ascertained what it was necessary to do, and I instructed him to go and ascertain what was proper to be done. I then left for lunch, and as I came back from lunch I saw Mr. FitzGerald. I was then walking with Judge Richmond. Mr. FitzGerald came up to me in his ordinary way, and said, "What about that £18,000?" I said, "What about it?" "Well," he said, "it is public money." I said, "There is great doubt whether it is public money. I don't know whether it is public money; but I have directed the matter to be seen to." I said, "It seems to me that if money paid in in this way without any agreement, or if money that is not public money before it is paid in, becomes public money by the mere payment to an officer of the Government, there would be great difficulty in any of us keeping private banking accounts." He said, "I shall have to write to Parliament about it." I said, "By all means; write what you like;" and then I walked away, saying, "I have no time for more." I understood he was simply joking. I had no more idea that he was going on what I then said as the conclusive opinion of the Treasurer than I had of flying. That is all I knew about the question until the matter came up in the House on the Controller and Auditor-General's memorandum.

176. *Mr. Peacock.*] Do I understand you to say that it was only when your Secretary called your attention to it later in the day that you became aware that the Controller really regarded it as urgent?—Yes; or that the Controller was dealing with it at all. I did not know until 1 o'clock yesterday that he was dealing with it at all.

177. Did you give explicit instructions to the Secretary when going to the Controller to indicate that he had been sent specially by you?—No; I never do. When I say to Mr. Gavin, "Go and ascertain what is the position of affairs," he goes away to the Controller or Solicitor-General to find out what is the position and report to me.

178. *Mr. Barron.*] I presume, as representing the district, you did take some little interest in this particular matter apart from the interest you would take in an ordinary matter coming under your notice as Colonial Treasurer?—I took interest in it to this extent: that I wanted the railway made; but I had not been seen by the deputation that came down here, nor had I anything to do with the arrangement in any shape or form.

179. But you knew that the money had been lodged?—I think Mr. Johnston mentioned that the money had been paid in; that he said he could do nothing in the way of making arrangements until the money was paid in, and I believe he mentioned one day in Cabinet that the money had been paid.

180. You did not take any interest in seeing whether the money was in the meantime earning as much as it could legitimately earn for the New Plymouth Harbour Board?—No; I had not looked at the papers until last night, after Mr. FitzGerald's letter had been received. I think on Monday I was under the impression that the money was in the Public Account. I did not know of the arrangements. That is why I agreed at once to Mr. Montgomery's proposal on Saturday to put a vote on the estimates, as the Committee will recollect.

Hon. W. W. JOHNSTON, examined.

181. *Mr. Wright.*] There is one question which I should like to ask the Minister for Public Works, and it is this: Were you aware, Mr. Johnston, that this money was in a position that you could operate upon it by cheque without the concurrence of the Controller-General?—No. I was under the impression that, it having been paid in to the credit of the Minister for Public Works, I should have to get authority from Parliament to construct the line in question on behalf of the Harbour Board, or else put it on the supplementary estimates, to be voted by the House, to enable me to return it to the Board.

APPENDIX.

Mr. T. KING to the Hon. the MINISTER for PUBLIC WORKS.

SIR,—

Harbour Board Office, New Plymouth, 31st July, 1883.

I have the honour to advise you that I have this day placed to your credit with the Bank of New Zealand here the sum of £18,000, to be employed in the construction for the Board of the Foxton and New Plymouth Railway extension to and along the Board's breakwater at Moturoa. The interest arising on the said sum to be paid by the bank to the Board from time to time as it accrues, and any surplus remaining of the £18,000, after the completion of the work, to be returned to the Board.

In constructing this extension the Government is authorized by the Board to pass through and over all freehold and leasehold property belonging to the Board.

The Board to have control over the traffic and tariff of the extension, and the Government to charge the Board for its services in running trains on the said extension at its current tariff rate.

I have, &c.,

T. KING,

Chairman.

The Hon. the Minister for Public Works.