

Colonial Government should advance to the Province for twelve months £25,000. In order that the General Government might consider the matter, the proceedings have, by mutual consent, been adjourned from day to day.

Since then your Honor has obligingly furnished information.

I may mention two other points that have come under the notice of the Government—first, the Council has made appropriations only up to the end of the present month; and, second, that the accounts for the December quarter have not yet been presented to the Auditor.

This afternoon, also, the Government have learnt with extreme surprise that last Thursday a second sum of £10,000 was drawn out of the Provincial Account under cover of the same *quasi* warrant; the Provincial Auditor only discovered this to-day.

On all these circumstances the Government have come to the conclusion,—

- (1.) That the affairs of the Provincial Treasury have been conducted with great laxness and indifference to legal requirements.
- (2.) That a determination has been manifested to overstep the borrowing limits prescribed by the law.
- (3.) That there is reason to think that the Provincial Council is not cognizant of all the circumstances of the Provincial Treasury, and that it is desirable that body should be convened without delay.
- (4.) That whilst the General Government should have some regard for the interests of third parties affected by faults not their own, it is necessary that they should strictly insist on the Provincial Treasury complying with the requirements of the law.

Taking these circumstances into consideration, the Government have decided that they must insist on the warrant being cancelled, and the unexpended balance of the two sums of £10,000 being returned to the Provincial Account, reserving to the Auditor the right to take such action in respect to those amounts having been drawn as he may think fit.

On the warrant being cancelled, there will be no obstacle to meeting ordinary payments which have been properly appropriated. I judge that your Honor has nearly exhausted your powers of issuing special orders. I may observe that it cannot be considered legal to write off special orders by subsequent transfers, and that any special orders issued should be submitted to the Council.

If your Honor will at once convene a meeting of the Provincial Council, the Government will advance the money necessary in the meantime to meet the actual payments on account of the contracts and engagements outstanding, which, being unauthorized, your Honor cannot meet.

Should the Council, when acquainted with all the circumstances, authorize the continuance of the works proposed, and should your Honor advise the Government that they are urgent, and that you require money to proceed with them, the Treasury will advance an amount not exceeding, inclusive of amounts advanced in the interim for contracts outstanding, £20,000, on the understanding that it will be repaid in twelve months, and that, if necessary, your Honor will put land into the market to repay it.

His Honor the Superintendent, Wellington.

I have, &c.,
DANIEL POLLEN.

No. 15.

His Honor the SUPERINTENDENT, Wellington, to the Hon. the COLONIAL SECRETARY.

SIR,—

Superintendent's Office, Wellington, 20th March, 1874.

I have the honor to acknowledge the receipt of your letter of the 19th instant. I at present only reply to two points:—

1. I have taken the best legal opinions I can obtain, and am advised that I ought not to cancel the warrant referred to.

2. The unexpended balance of the two sums of £10,000 each standing to the credit of Provincial Account No. 2 has been transferred to Provincial Account No. 1.

I have, &c.,
W. FITZHERBERT,
Superintendent.

The Hon. the Colonial Secretary, Wellington.

No. 16.

The Hon. the COLONIAL SECRETARY to His Honor the SUPERINTENDENT, Wellington.

SIR,—

Colonial Secretary's Office, Wellington, 21st March, 1874.

I have to acknowledge the receipt of your Honor's letter of the 20th instant in reply to mine, No. 71, of the 19th instant.

His Honor the Superintendent, Wellington.

I have, &c.,
DANIEL POLLEN.