

Hon. Colonial
Treasurer.

28th Aug., 1877.

tendent of Otago estimates the revenue of that province at, I think, some £400,000, and we had some correspondence with him before we arrived at an agreement on the subject. That estimate would be the basis for all future transactions; and, of course, upon that all the works would be authorized. The appropriations followed that course. For instance, if a Superintendent estimated his revenue at £200,000, and then estimated his departmental expenditure at £100,000, he would then propose to expend the other £100,000 upon public works; the Governor could sanction that, and upon that they became provincial liabilities.

148. *Hon. Mr. Reynolds.*] You did not agree with Mr. Macdonald and Mr. Brodie to pay this liability; you merely agreed to lay it before Parliament?—Yes; to give a recommendation that it should be paid.

149. You had not to pay and then look forward to Parliament for permission?—My only undertaking was to recommend to Parliament that it should be a provincial liability.

150. If Mr. Wood as Provincial Executive Officer had not recommended this, you would not have paid it?—No, we should not have paid it. That was the only way it could be paid, except as unauthorized expenditure, and we should not have considered ourselves justified in paying under that head.

151. *Mr. Johnston.*] I should like to ask whether the provincial liabilities of £250,000 odd were sanctioned owing to over-estimates of provincial revenue?—No; not so far as I know. With the Otago revenue we had considerable difficulty, as the Superintendent wanted that estimated at a very large amount.

152. Were the Thames Borough works paid for out of this estimated revenue, or did the General Government pay? Was the provincial revenue forthcoming?—No; it was not. Not even the amount that was sanctioned finally.

153. *Mr. Rees.*] Mr. Chairman, would you kindly ask Major Atkinson under what authority of law that money was paid?—Under the 19th section.

154. Alone?—No; in connection with the other section, the 4th section of the Provincial Appropriations Acts Extension.

155. Did you take any advice as to whether that would cover the payment of the overdraft?—I acted under advice when there was any legal doubt. Of course, there are many questions relating to the winding up of the provinces that are just on the border, and I am doubtful whether strictly they come within the law. In cases where I have been in doubt, I have called the provincial liabilities unauthorized, and I shall ask a vote of the House for them. They have been put in that form to give the House power to approve or condemn, as it may think right.

156. *Sir George Grey.*] Whether the Government wrote to Mr. Reader Wood or not, would they have submitted the matter to him?—No; I should think not. I have no recollection of doing so, but of course Mr. Wood will be able to answer as to the matter of fact. My communication was with Mr. Whitaker, and he saw Mr. Wood on the subject.

157. Could you furnish the Committee with a copy of the legal opinion under which this arrangement was made?—No; I do not think I could. I do not know that there was any written legal opinion upon it.

158. Was there a verbal one?—I could not give a direct answer upon the point. I could not say positively "aye" or "no." My custom was whenever any difficulty arose, if the Government were satisfied the payment was legal, to pass it through in the ordinary course, and then it would rest with the Auditors to stop the payment if not within the law. If the Auditors were satisfied, the payments would be made. If any question arose between the Audit and the Treasury, it would go to the Crown Law Officers for an opinion upon the point.

159. Then in this case there was no objection?—I have no recollection of any question arising directly upon this matter. A question did arise as to whether it was legal to include in the revenue of Auckland the Treasury bills which the House had voted. I speak from memory, but I think the Law Officers decided that it was legal.

160. But no question arose upon the payment of this sum?—So far as I know no question arose. I have no recollection of any dispute, and I think none occurred. I think I should be certain to recollect it if there had been any.

MR. READER WOOD, M.H.R., examined.

Mr. Reader Wood.

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161. *The Chairman.*] I presume the question which the Committee wish to ask is, whether or not you recommended the payment of the overdraft of the Thames to the Government; and if so, whether you committed it to writing, or made it verbally?—I did, in writing.

162. Why did you do so?—Because Mr. Whitaker told me a promise had been made that it should be paid, and asked me specially to include it in the provincial liabilities.

163. Then it was solely in consequence of that?—I knew nothing whatever about the overdraft, or the promise to pay it. I undertook, at the request of the Government, to wind up the business of the Province of Auckland during the two months that elapsed between the time of the Abolition Act coming into operation and the close of the year. There is a clause in the Financial Arrangements Act which absolves any provincial officer in undertaking any office of that kind for that period from disqualification. It was considered by the Legislature that it would be advisable and proper for an officer who was acquainted with the business of the province, to wind up the departments, and as there was a great deal of business outstanding in connection with the new hospital building, and other matters of that kind, with the details of which I was cognisant, it seemed to me when the Government asked me to undertake this business, it was my duty to do so; and I did so. It thus became part of my business to prepare a schedule of provincial liabilities, and I did so. Some of these were in connection with supplying furniture for the hospital, completing the building, and so on. These I submitted to Mr. Whitaker. He said the Government had promised to Mr. Macdonald that the overdraft of the Thames should be paid off; that is, their overdraft on the 1st September. It was not an overdraft to the end of the year, but the overdraft outstanding on the 1st September. He said that the Government had made a promise that it should be