

of 'The Public Revenues Act, 1891,' through you to him to stay the proceedings, and that you will give me an assurance from him that the surcharge has been disallowed, so as to clear me from further liability and anxiety in the matter. If the Auditor-General persists in the necessity for further steps being taken to bring about the payment of the value of the scrip received in excess of £500, I would respectfully submit that this should be done by the department proceeding against the purchaser for the amount, without forcing me into the position of having to defend an action involving such serious responsibility.

"The Controller and Auditor-General, in his letter to me of the 22nd instant, states, 'I fully admit that you personally appear to have exercised proper discretion, and are fully entitled to relief from the Government or Parliament.'

"In conclusion, I desire that the special attention of the Hon. the Minister of Lands should be drawn to the phraseology used in the forms of the land-orders in question, and to the following remarks made in reference thereto by the Auditor-General in his memorandum of the 9th April last: 'I find that in stating in my former memorandum that the land-orders used by Mrs. Rhodes were not indorsed with the certificates of the Commissioner of Crown Lands, as required by the Act of 1888, I did not observe that the face of the order (different from any other which had hitherto come under my observation) authorised the holder to purchase land in any part of the colony.'

"I can find no authority of law for the issue of any such order at all. The Act of 1888 gives no power to issue orders at all, but only to indorse the orders issued under the Act of 1872. It may be said that the result is the same in both cases, but there is one important omission in this form—namely, that it does not bear on its face the last day on which it was exercisable, as the certificate under the Act of 1888 was required to do. A purchaser, therefore, would be deceived into supposing that the order had currency beyond the 31st December, 1890.'

"Blank form of land order I enclose herewith.

"The Surveyor-General, Wellington.

"J. WILLIAMS, Receiver of Land Revenue."

73. *Mr. Guinness.*] Was there any other communication from any officer to the Minister prior to that about the surcharge?—There are several other papers. I find that a case was stated by the Surveyor-General to the Minister of Lands, and that the Solicitor-General gave an opinion on the subject.

74. *The Chairman.*] Read that?—This is dated the 17th August, 1892, and is to the Minister of Lands, from the Surveyor-General. It is a statement of the case:—

"Hon. Minister of Lands.

"It is scarcely perhaps necessary to refer in detail to the scrip transactions, owing to which Mr. J. Williams, Receiver of Land Revenue at Christchurch, has been surcharged with the sum of £498 14s. by the Auditor-General; but Mr. Williams now asks that you will exercise your powers under the 32nd section of 'The Public Revenues Act, 1891,' to disallow the surcharge.

"The facts are simply these: that Mr. Williams took in payment for land two scrips, issued in Auckland for £513 3s. 6d., and £485 10s. 6d., whereas it appears that the law only allowed of the exercise of £500 worth in any district outside the district in which it was issued, a fact Mr. Williams does not appear to have been aware of. Moreover, the late Minister of Lands had caused instructions to be sent to Mr. Williams, when dealing with Lake Ellesmere lands, which, though not touching on the question of whether more than £500 worth could be exercised in any one district, nor referring to this particular case, laid down the rule that 'by the recent decision of the Court of Appeal the scrip is exercisable for the full amount stated therein.' I think, also, that the Receiver was reasonably misled by the words of the scrip, because no limitation to a district is mentioned therein. On the other hand, he was instructed that section 8 of the Amendment Act should be considered in dealing with scrip, and this section contained a limitation.

"Taking these circumstances into consideration, it would seem that Mr. Williams is hardly to blame in the matter, though he may be legally liable.

"It should be remembered that the exercise of this amount of scrip over £500 is probably not so much loss to the land revenue, for if it had not been exercised in Canterbury it might have been in Auckland; and the result to the land revenue, therefore, as a whole, remains exactly the same, whichever district it might have been exercised in.

"This being so, I think you ought to exercise your power under section 32 of "The Public Revenues Act, 1891," and disallow the surcharge.

"On the question of whether Mrs. Rhodes should be called on to pay up, I think it is very doubtful if the Government could make good her liability, for her agent took the precaution of obtaining an assurance from the highest officer of the department in the district that the scrip was good for its full value for the purchase of lands in Canterbury.

"August 17th, 1892.

"S. PERCY SMITH."

This was referred to the Cabinet on the 20th August, and the Solicitor-General was asked to give his opinion, "If the surcharge is not made against Williams, will that prejudice the Government?"

75. *Sir John Hall.*] Is there any record of the decision of the Cabinet on which the Minister acted?—No, there is no Cabinet minute on the file.

76. Is there any record whatever?—No.

77. *The Chairman.*] Will you read the Solicitor-General's opinion? [Opinion read.]

78. *Sir John Hall.*] Is there an opinion from the Attorney-General on the file?—No.

79. Was it referred to the Attorney-General?—I do not find that it has been referred.

80. *Mr. Rhodes.*] I would like to hear the report from Mr. Baker?

"District Office, Lands and Survey, Wellington, 30th June, 1892.

"WITH reference to the inquiry made by the Hon. the Minister of Lands through Mr. O'Hara Smith, Audit Officer, regarding a purchase of land by Mrs. Rhodes, in which a portion was paid for by an Auckland land-order. I have the honour to inform you that I do not remember exactly