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## REPORT OF SELECT COMMITTEE.

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**MR. SPEAKER:**

Your Committee appointed to enquire whether clauses 6 and 7 of the First Report of Public Accounts Committee of 1877 are correct, and whether there was any special authority on requisition for the payment of the sum of \$16,590 34 to Messrs. Tolmie and Finlayson, and to enquire the date of the Lands and Works vouchers relative thereto, and what officers of the Executive Council were acquainted with the transaction, beg to report as follows:—

That clauses 6 and 7 of the First Report of the Public Accounts Committee of 1877 are correct.

That there is no special authority on requisition for the payment of \$16,590 34 to Messrs. Tolmie and Finlayson.

That the usual practice has been followed, and that no special authority was necessary.

That the Government in purchasing the land acted under authority of an Order in Council, dated April 28th, 1875.

That all the Members of the Executive were aware of the transaction, viz.: that an award had been given in favour of Messrs. Tolmie and Finlayson, but that Mr. Humphreys was not aware that the money had been paid; he having previously left the Government.

That Mr. E. Brown was not aware, until he had returned to Victoria, that the money was paid to Messrs. Tolmie and Finlayson.

That Mr. E. Brown did not object to the payment of the money when he was informed that it had been paid, as he believed that the Government had no alternative but pay it.

That the Minister of Finance gave authority in writing to Mr. Elliott to sign cheques in his absence.

That the vouchers signed by W. F. Tolmie and R. Finlayson, per R. Williams, for the sum of \$8,254 67 each, are dated August 4th, 1876.

Your Committee beg respectfully to request that the evidence accompanying this report be published in the Journals of the House.

All of which is respectfully submitted.

*March 4th, 1878.*

JAS. W. DOUGLAS,  
*Chairman.*

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### EVIDENCE.

FEBRUARY 27th, 1878.

Present:—Messrs. Mara, Beaven, Morrison, Cowan, and Douglas.

Mr. Mara moved, seconded by Mr. Douglas, that Mr. Beaven act as chairman.

Carried.

Mr. Mara moved, seconded by Mr. Morrison, that Mr. Douglas act as secretary

Carried.

MR. J. J. YOUNG'S EVIDENCE:—

Mr. Mara—Has the usual practice been followed in paying the sum \$16,590 34 to Messrs. Finlayson & Tolmie? *Ans.*—Certainly; the usual practice has been followed.

Mr. Beaven—Was there any special Order in Council authorizing the Treasury to pay Messrs. Finlayson & Tolmie \$16,590 34 for Esquimalt land? *Ans.*—No special order to pay that particular sum.

Mr. Mara—Was a special order necessary to pay this sum? *Ans.*—No.

Mr. Beaven—Are those clauses six and seven correct? *Ans.*—Yes; they are correct.

What is the date of Lands and Works voucher relative to this transaction? *Ans.*—Fourth of August.

What are date of cheques? *Ans.*—Fourth of August.

MR. ELLIOTT'S evidence :—

Mr. Beaven—What officers of the Executive Council were acquainted with this transaction? *Ans.*—There were Mr. E. Brown, Mr. Vernon, Mr. Humphreys, and myself.

Is there any record of the proceedings in the Executive Council, when the matter was discussed? *Ans.*—No; Mr. Young can find nothing. There was no question ever arose in the Executive Council concerning the payment of the award.

Mr. Morrison—Under what authority did you countersign these cheques? *Ans.*—Under written authority from Mr. Smithe, dated July 27th, 1876.

(Signed)

A. C. ELLIOTT.

MR. E. BROWN'S evidence :—

Were you at the time acquainted with the payment? *Ans.*—I was not aware until I returned to Victoria that the money had been paid.

Were you consulted as to the payment of this money? *Ans.*—I was not consulted. I was under the impression that the money would have to be paid, as the award was given in their favour.

Mr. Mara—When you heard that the \$16,000 was paid, did you consider the Government acted properly in paying the award out of the \$100,000 for Graving Dock in requisition No. 1? *Ans.*—Under the circumstances, I consider the sum was ridiculously high, that it would have been far better for the Government to have abandoned the construction of the Dry Dock. Owing to the decision of the arbitrators, and the opinions expressed by Mr. McCreight, I consider the Government had no other alternative but to pay the money.

Mr. Morrison—Did you sign the Order in Council for the \$278,000 for the Lands and Works Department? *Ans.*—I did; the 2nd June, 1876.

Mr. Beaven—Do you know what officers of the Executive Council were acquainted with this transaction? *Ans.*—The Attorney-General and Chief Commissioner.

Were you in Victoria on the 4th August? It is a matter of impossibility for me to tell without reference.

(Signed)

EBENEZER BROWN.

MR. HUMPHREYS' evidence :—

Mr. Beaven—What officers of the Executive Council were acquainted with this transaction? *Ans.*—I don't know that any. I was a member, and Mr. Brown was President of the Council, and he told me that he knew nothing whatever about it. I first became acquainted with the payment from the returns of the Chief Commissioner of Lands and Works laid before the House in 1877. I may say, that when I saw that, I went at once to Mr. Brown, and asked him if he knew anything about the payment of that money when he was in the Ministry? and he said he did not; he knew nothing whatever about it.

What is the date of your resignation? *Ans.*—The 26th of July, I think.

When Requisition No. 1 was approved in Council the 2nd of June, 1876, were you aware that the \$16,000 was to be paid under it to Dr. Tolmie? *Ans.*—No; up to that time no such proposition was mooted in Council. We had an informal conversation about the purchase of the rock, and we concluded that the price offered by Mr. Beaven was more than sufficient. Mr. E. Brown said that he had been down to Esquimalt and had looked at the land, and the price Mr. Beaven offered for it was more than it was worth. I just happen to think of another matter, that is, about the award. The award of the arbitrators was considered bad by Mr. Brown and myself, because the provisions of the Act had not been complied with, in consequence of certain documents not having been filed in time.

Mr. Morrison—Was this payment of \$16,000 to Messrs. Finlayson & Tolmie considered in Executive Council when you were in the Ministry and present? *Ans.*—No.

Mr. Morrison—Whether Mr. Humphreys was in opposition to his colleagues as to the payment of this money? *Ans.*—I was never consulted as to the payment of this money.

Mr. Mara—Are you satisfied that the money was paid to Messrs. Finlayson & Tolmie after you ceased to be a member of the Government? *Ans.*—Yes; I am.

Mr. Beaven—Are you satisfied that the determination to purchase this property at \$16,000 was come to while you were in the Ministry, but without your consent? *Ans.*—Yes; I am satisfied that they had determined to purchase this property.

Mr. Mara—Why are you satisfied? *Ans.*—Because in a conversation I had with the Chief Commissioner of Lands and Works about the purchase of that property, and about money to pay for it, without any sum being mentioned, I told him I had no money to give him to purchase that property, and if I had it was required for more important purposes. He replied, "I have settled the matter, and it is bound to be paid for."

Mr. Mara—Where and when did this conversation take place? *Ans.*—I don't know; it may have been in this room, or outside.

When did that informal meeting you spoke of, in which the rock question was discussed, take place? *Ans.*—I don't know.

Who were present at that meeting? *Ans.*—I think the whole of us were present.

Moved that Committee adjourn until to-morrow at 10 a. m. Carried.

Minutes adopted, 28th February, 1878.

ROBERT BEAVEN,  
*Chairman.*

Before the minutes were confirmed, Mr. Mara pointed out that the following question and answer were omitted:—

By Mr. Morrison to Mr. Humphreys—Do you know why the award of the 22nd April was not paid before the 4th of August. *Ans.*—I don't know.

MR. SMITHE'S EVIDENCE:—

Has the usual practice been followed in paying Messrs. Tolmie & Finlayson, *i. e.*, on requisition from the Lands and Works Department and the Order in Council? *Ans.*—It has.

What authority had the Government to pay this award? *Ans.*—The Government had the authority of an Order in Council to purchase the land. (Order in Council produced, dated 28th April, 1875.)

Have you known so large an amount as \$278,000 to appear on a requisition from the Lands and Works Department? *Ans.*—I have; I have known a very much larger amount, viz.: \$495,071 on Lands and Works requisition approved 17th of May, 1875.

Have you known so large a sum as \$100,000 to be asked for Dock purposes. *Ans.*—I have known \$149,325 for Graving Dock, on a Lands and Works requisition, dated May, 1875.

As this Order in Council was passed on June 2nd, can you tell the Committee why the award of the 26th April was not paid before the 4th of August? *Ans.*—I was not a member of the Cabinet at that time, but I have been informed that the reason was, there were not sufficient funds in the Treasury to enable the payment to be made at an earlier date.

Mr. Humphreys told the Committee yesterday that the proper course to have pursued would have been to obtain a warrant from the Lieutenant-Governor for this special amount. Has that practice been followed? *Ans.*—It has not, so far as I am aware.

Do you know of any large sums being paid without special vote, or special warrant from the Lieutenant-Governor? *Ans.*—I do; I know of \$15,000 having been paid, not only without special warrant, but without the usual warrant of ordinary requisition.

When was that done? *Ans.*—On the 8th of February, 1875.

Will you show the Committee the vouchers? *Ans.*—I will show the cheque by which the amount was paid, as well as the entry in the book of the office, and if thought necessary I will get the voucher. (Cheque produced.)

Mr. Smithe further states that the \$15,000 above referred to as paid on the 8th of February, 1875, was not covered by requisition until 17th of May following, and was consequently paid without any authority, special or otherwise.

Mr. Beaven—For what was this \$15,000 paid? *Ans.*—For cement.

Was it not to honour a draft drawn from England? *Ans.*—It was.

Were not the Customs duties paid also? *Ans.*—They were, and equally without authority.

Can you find a precedent for the payment of so large a sum of money to a member of the Legislative Assembly under a general authority of a requisition from the Lands and Works Department? *Ans.*—I have not endeavoured to do so.

From your general knowledge of the Department, do you think that such a precedent exists? *Ans.*—I am not aware that so large a sum has ever been paid to a member of the Legislature for any purpose.

Was there a special Order in Council authorizing the payment to Tolmie and Finlayson? *Ans.*—There was no special Order, and none required.

When you speak of a Governor's Warrant, do you include an Order in Council approved by the Governor? *Ans.*—I do.

(Signed) Wm. SMITHE.

MR. VERNON'S EVIDENCE.—

Do you recollect an informal meeting of the members of the Executive, held in the room of the Finance Minister, when it was decided that the price offered by Mr. Beaven for the land was sufficient? *Ans.*—No such conclusion was ever arrived at by the Executive, either formally or informally.

Have you any recollection of such meeting? *Ans.*—I have a distinct recollection of the matter having been talked about, and that no objection was ever made by any of the members of the Government to the payment of the amount awarded by the arbitrators. All the members joined in deeming that award to be conclusive.

Did you ever make such a reply to Mr. Humphreys as "I have settled the matter, and it is bound to be paid for"? *Ans.*—I made no such reply to any person.

Why was the award not paid sooner? *Ans.*—Because there were no funds in the Treasury.

(Signed) F. GEO. VERNON.

The Committee then adjourned till 1 p.m., to-morrow, Friday.

Minutes approved.

ROBERT BEAVEN,  
Chairman.

1st March, 1878.

MARCH 2ND, 1878.

Committee met at 1:30 to draft a report. Two reports were submitted for approval; several clauses in each were adopted.

At 2 p.m. it was decided to adjourn the meeting till Monday, the 4th instant, at 10 a.m.

MARCH 4TH.

Committee met at 10 a.m. After some discussion, Mr. Beaven resigned as Chairman, as he was of opinion that a clause in the report submitted by Mr. Mara was contrary to facts. Mr. Douglas was elected in Mr. Beaven's place.

Report submitted by Mr. Mara was adopted.

J. W. DOUGLAS,  
Chairman.