

132. You say that Ben Smith was always able to carry on up to this time without any assistance except that cash credit?—Yes.

133. Did he pay the Bank?—No.

134. Did he pay you?—No, but I got those houses—the mortgage of those houses.

135. Are you in receipt of rent for them?—No. Schultz is.

136. Why Schultz?—I can't tell you. I believe he has the first mortgage.

137. What is the amount of the first mortgage to Schultz?—That I cannot tell you. I believe it was four or five hundred pounds that Schultz had on them.

138. There was a mortgage from Smith to Burrows; how much did you receive out of that?—I think there were two small bills.

139. You received as a security for £500 a mortgage over some property. What, I want to know, is the value of that?—I don't think it is worth much. The land was leasehold land, and Smith put up some buildings on it. I think he borrowed four or five hundred pounds to put them up, and the material came from old Government House. The material went to Dr. Burrows' house, and also to Mr. Clayton's. There were two small bills on Dr. Burrows' house, and they were paid.

140. You have had the bills?—I had them.

141. To what did they amount?—To somewhere about £70 each, at six months and twelve months, and they have been paid.

142. Mr. Ben Smith very rarely wanted your assistance in this building?—After the first five or six months I think.

143. But there was not much work done in the first five or six months. The Prince was here, and the excavations were going on?—I am sure I never looked; I was down South when the Prince was here.

144. From October, 1869, did you not receive all the money under the contract?—Yes.

145. Under a power of attorney?—I suppose I did.

[Power of attorney, dated 16th October, 1869, put in.]

146. On the 16th November, on the 4th of December, and on the 29th of December, did you not receive progress payments under that power of attorney?—I did.

147. All under this power of attorney?—No doubt I did.

148. Very shortly after Ben Smith's insolvency do you remember a paragraph appearing in a newspaper—some people called it your newspaper—the *Advertiser*, about this contract, and the Colonial Secretary writing to you?—I believe it was in the *Evening Post*, not the *Advertiser*, but I took very little notice of it.

149. There is a letter here from the Colonial Secretary's Office to you, enclosing a copy of a letter from Mr. Clayton, denying the statement in the *Advertiser* that he was acting for you in the Government House contract. Do you recollect that?—I think so.

150. I do not see your answer, but there is a letter from Mr. Macdonald, for the Under Secretary, acknowledging one from you, in which you said that the paragraph about the Government House was inserted without your knowledge, and that its contents were untrue. Did you send such a letter?—I do not recollect sending that answer. I think I took no notice of it.

151. I understood you to say, in answer to my friend Mr. Brandon, yesterday, that from the time of this conversation you had with Mr. Clayton, until nearly the conclusion of the contract, nothing was said to you about your being looked upon simply as carrying on the works as surety to save yourself from paying the £1,000. Was it so?—After I commenced my orders went to Melbourne, to Sydney, and all over New Zealand, and I had very little to say to the matter until I had all the material on the ground. Mr. Clayton and I had several conversations, but he did not say that until it was too late for me, and I was bound to carry on. In five or six months I had certainly four or five thousand pounds' worth of things on the ground; and I always said to Mr. Clayton, "This is a very heavy job and will cost a great deal;" and he always said, "It will be all right,"—not in one instance but in five hundred.

152. Do you mean to say that all this time nothing was said to you about your doing the work as surety?—Not until it was too far gone.

153. At what date?—That I could not tell.

154. Here is a letter from you to the Colonial Secretary, on the 8th August, 1870, in which you complain of a sum of £587 due to you on the 1st not having been paid, and you say, "Under these circumstances, I consider that the Government have broken the terms of the contract." Also, "Having already advanced nearly £5,000 on this contract, besides making regular payments to workmen and meeting accounts for material, &c., I am put to great inconvenience by the delay on the part of the Government in not paying the money when due. It would have been better for me, in the first instance, if I had paid my surety amount, £1,000;" and so on. Do you recollect that?—That might be, no doubt.

155. There is also another letter of the 8th August, from me to you, posted in this book, and put in by you which says, "In reply to your letter of the 6th instant, I desire to inform you that I am not the proper person to whom letters relative to the Government House building should be addressed. I think any letter on the subject should be addressed to the Hon. the Colonial Secretary or the architect. I may observe, however, that in any case all such communications should come from the contractor as well as the surety." Now, how is it that, in the face of this letter and of your own statement that it would have been better for you to have paid the £1,000 in the first instance, you say you were not carrying on this as surety on the 1st of August, 1870?—When I say I would sooner pay the £1,000, it is that I would sooner do so than go through all the trouble and loss. Besides, I had all the material on the ground.

156. Why did you not write to the Colonial Secretary saying that you were not carrying on the business as surety?—Possibly I should have done so. If I had been a builder and known something about the matter I might have done so. I plead my ignorance. That is all I can say.

157. Then you did not inform the Government, after the receipt of that letter from me, that you were not the surety at all?...No.