

643. *The Commissioner.*] What I want to get at is the position of all parties—contractor, surety, and Government—if that arrangement had been carried out. What would have become of the contractor?—That is a legal point on which I cannot give an opinion. Every step I took was under the advice of the Attorney-General.

644. *Mr. Attorney-General.*] Could you have got rid of the contractor against his will, except by acting on the 13th clause?—I don't know.

645. At all events, you would have had to get the consent of the contractor to this arrangement?—You will see in my papers that it was to be with the consent of all parties.

646. *The Commissioner.*] There was a letter from you to Mr. Martin, saying that some vessel was going to Auckland, and that he had better send for certain timber by it. Was that after or before Mr. Martin was informed that the Government would not agree to the arrangement?—It was on the 8th of February.

647. *Mr. Brandon.*] About that £1,476 profit on valuation. I do not understand why that should be deducted?—It is the custom. That is the only answer. A contractor in tendering does not put down a profit, but puts down the market price of materials, and relies upon being able to supply them himself at cheaper rate.

648. *The Commissioner.*] The contract was for £10,583; was more than that expended?—Yes.

649. How did the additional sum arise?—By separate tender for each item.

650. Were these extras beyond the £10,583 fresh contracts?—Yes.

651. With whom?—With Mr. Ben Smith.

652. Were they outside the original contract?—Yes.

653. Then, in fact, Mr. Ben Smith had not one contract, but several?—A dozen, perhaps.

654. Was there nothing provided in the original contract in case of extras?—In the General Conditions, there is a clause providing that for extras separate agreements shall be entered into. I had power under the General Conditions to make these extra contracts.

655. Then they would not injuriously affect Mr. Smith's ability to carry out the original contract?—No; it was part of his engagement.

656. There was power to make these extra contracts with the contractor?—Yes.

FRIDAY, 12TH APRIL, 1872.

Mr. BEN SMITH in attendance, and further examined on oath.

657. *Mr. Attorney-General.*] I understood you to say that there were no other monetary transactions between you and Mr. Martin, except this £700 advanced by him?—I said. £500, and then a further £200, and afterwards the cheque for £100.

658. Do you owe him anything else for moneys advanced on goods or anything else?—I don't know.

659. You put in your schedule £1,215, how is that?—That is right. It was for guarantees he gave to various merchants for the purchase of materials, and he has had to pay it since.

660. That £1,215 was all owing on account of Government House?—Yes.

661. *Mr. Brandon.*] Was anything of that for materials lying on the ground?—They were lying on the ground.

662. Was that owing to him at the time of your insolvency over and above the payments he had received under the assignment?—I don't remember any payments. What payments?

663. Under the assignment you gave him?—I gave him an assignment of all and everything I had.

664. You gave him nothing of the kind. It was an assignment of the moneys arising from the Government House contract. Then I ask you, was that £1,215 owing by you to him over and above any payments he may have received under that assignment?—Yes.

665. You gave Mr. Martin some security over some land?—Yes, over some leasehold property.

666. Has not the landlord gone into possession, and is he not now in possession of that?—Yes.

667. So that Mr. Martin gets no benefit whatever from that?—He never got a penny from it.

TUESDAY, 16TH APRIL, 1872.

Mr. C. B. VINE in attendance, and examined on oath.

668. *Mr. Attorney-General.*] Your Christian name, Mr. Vine?—Charles Boniface.

669. You were clerk of the works at the Government House from the time of its commencement till its completion?—Yes.

670. Are you aware that some time in February, 1870, Mr Smith became insolvent?—Yes.

671. Do you recollect when the work was finished, and Government House given over by the contractor?—Somewhere about April or May, 1871. I think April.

672. After Mr. Smith's insolvency, who carried on the work then?—Mr. Smith.

673. Was there any difference, so far as you saw, in the manner in which he carried on the work, after and before the insolvency?—None whatever. I treated him as contractor from beginning to end.

674. Did he behave otherwise than he had done before?—No; I saw nothing different.

675. Did he ever, while you were there, tell you that he was only in the position of agent or overseer for Mr. Martin?—Never. He never led me to believe anything of the kind.

676. Did he ever say anything to the contrary?—Yes. He always led me to believe that he was contractor to the end; and that he anticipated receiving any overplus that might be going—if there should be any—at the end of the work. That was in conversation.

677. Do you recollect any particular occasion when he mentioned any particular amount?—No.

678. Were these conversations that you refer to after the insolvency?—Yes.

679. Do you remember a person named Petford suing Mr. Martin in the Resident Magistrate's Court for doing some gas-fitting work?—I do.