£1 13s. instead of £3 15s., the amount owing." The explanation comes in the next paragraph: "I know of no section under the Mining Act or its amendments under which the surrender was accepted. A precedent was established by the late Warden, Mr. Greenfield, Receiver of Gold Revenue, Collingwood, in W. Cutten, in June, 1896, when he gave judgment for rent due up to date of surrender, and the present Warden appears to have followed it." [See Exhibit C.] That brings you in conflict with the decision of the Warden in respect to this. Now, the question is: The Receiver of Revenue, acting on the decision of the Warden, would be liable to be surcharged for the difference between £1 13s. and £3 15s., according to law?—Yes, if the Receiver of Gold Revenue did not collect what was due on surrender under section 135. If he did not collect all the arrears of rent—and the arrears of rent means the rent for the current half-year—then I should surcharge the Receiver.

35. Now we come to another phase of the question, and that is this: paying double rent for the same piece of land—overlapping. That is the case of the person you mentioned as having spoken to Mr. Cadman about the arrears at Paeroa which should have been collected. You say you had a conversation respecting surcharges, as to the character of the deficiencies. There was a distinction between the two?—Yes, there was. The Audit Office did not originally intend to make any surcharge in respect of the arrears of rent owing by licensees who surrendered for the purpose of taking up the land under new titles, and continuing to pay rent.

36. There are cases, are there not, where you have claimed that once a person or company has entered on the six months of a holding on which the rent has to be paid in advance, notwithstanding there is a change of title and a surrender, the six months' rent is still due?—All the surrenders that have come under my notice have been surrenders under section 135, and whether there is an absolute surrender of ground or it is taken under a new title, as claimed now, the law requires that the arrears of rent shall be paid indifferently. But it was not the first intention of the Audit Office to surcharge in these latter cases. It was not until I had occasion to look into the law closely that I found it was necessary to surcharge in all cases, whether they were cases of absolute surrender or for a new title, so long as it was not an exchange of title under section 10—that is to say, where all the same terms and conditions were to continue, the new term to be the balance of the term of the license. But there are no cases of that kind.

37. This case is where a man is taking up a new title—not a surrender. You say the Receiver is liable under the law, and you surcharged in the case you mention?—The only case I have surcharged in is that of Paeroa, and I must say that I was reluctant to surcharge where the rent was continued under a new title. The correspondence shows that I discussed the matter very closely, and that I was forced to the conclusion that the Receiver whom I surcharged was right in contending that he ought to be surcharged in such cases. He has made it quite clear in his own memoranda.

38. Where there was a decision of the Warden upholding the position of a Receiver of Revenue under such circumstances, would you hold that was a wilful neglect on his part to collect rent, and that he should be surcharged?—It would be failing to collect.

39. In the face of the decision I quoted to you, that of Jacobsen, would the decision of the Warden, which differed, of course, from the ruling of Mr. Justice Conolly, affect your opinion, or would you consider that a case in which the surcharge should take place—that is, the difference between £1 13s. and £3 15s.?—I may say that I doubt whether the decision of the Warden would not be binding without an appeal in the ordinary course, but if the decision was not in Court I think I should have to surcharge. I would not answer positively on the question.

40. You say you have given no direct instructions respecting the collection of these rents by the Receivers. You read in your own circular, "Instructions by the Auditor-General." How does that come there if no instructions had been given?—I wrote to the Receiver of Gold Revenue at Lawrence on the 20th August, 1898, and this is an example of my own instructions: "In replying to query No. 312, when referring to L.H. 85A (J. Lawson), you say, 'Requests for payment of rent have been sent repeatedly.' The same answer is given by you in other instances on the list, but you do not say that you have exhausted all lawful means to compel payment of the several amounts in arrear. If such has not been done, or is not done at once, it will become my duty to surcharge you, under section 32 of 'The Public Revenues Act, 1891,' for having 'negligently failed to collect' such amounts." The Receiver replies, "I beg to state that every lawful means shall now be taken to enforce the payment of these rents. I am very glad that I have such an authority to act on, because holders of claims, some not being worked, others not paying, are apt to let the rents run into arrear. The matter will be attended to strictly at once." This is an example of instructions the Audit Office gives.

41. Then, you have given instructions in this way?—Yes; in every case where the Receiver neglects his duty I point out to him the sections in this way.

42. Have you called the attention of the Mines Department to the decision of any Warden upon a question of the surrender and non-collection of rent before he granted new titles?—Yes, I have.

43. Will you give us a case in point?—Here is the copy of the case. [See Exhibit D.]

44. You did not give instructions to the Warden for the future to collect before giving any right to surrender?—I do not think I have ever given any instructions to the Warden.

45. You have only asked a question why it was not done?—Yes.

46. What is the amount of this surcharge to Paeroa?—£781 10s. 4d.

47. What is the Receiver's salary?—Something under £200 a year—not exceeding £200. The arrears consist of three classes, as follows: (1) Arrears on special claims and licensed holdings surrendered and taken up by same licensees under new titles, £134 15s. 7d.; (2) arrears on special claims and licensed holdings surrendered and not taken up by the same licensees £329 4s. 9d.; (3) arrears on special claims and licensed holdings surrendered for the purpose of