

in the floating of public loans. A prospectus is published specifying the amount of the loan, the minimum price of issue, and the conditions of tendering. Each tender is to be accompanied by a deposit (usually 5 per cent.), and the balance of the purchase-money is to be paid by specified instalments on specified dates, with a specified discount on instalments paid in advance. The interest is payable half-yearly on specified dates, computed from the commencement of the term of the loan, which is usually fixed at or about the date of the prospectus, and it is stated that the first coupon will be for six months' interest on the full nominal amount of the debenture. The purchaser thus receives interest on the full nominal amount of his debentures from the commencement of the term, although the full purchase-money is not paid until he pays the final instalment. This concession of interest in the first coupon is to cover any loss of interest the tenderer might otherwise suffer whilst his capital lies idle awaiting the result of the tender and the completion of the transaction.

In the present case the prospectus, which is on precisely the same lines as those indicated above, sets forth the price of issue thus: "Minimum price of issue, £100 per cent." In the case of loans issued at less than par—as, for instance, in the 1879 loan—the prospectus states the price thus: "Price of issue, £97 10s. per cent." In the case of the Million 3-per-cent. Inscribed Stock issued at 96 per cent. in 1899, the prospectus not only states "Minimum price of issue £96 per cent.," but contains the following paragraph: "The minimum price below which no tender can be accepted has been fixed at £96 for every £100 of stock." The point is that in every case the prospectus distinctly specifies the price of issue as a percentage of the amount of the debentures or stock tendered for. It is thus perfectly clear that through all these years the Government in offering the loans, and the public in tendering for them, have taken the "price" or "purchase-money" of the debentures to mean simply the price tendered for each £100 quite irrespective of the concession of interest in the first coupon or the discount on instalments paid in advance.

On the authorities I have quoted, the Legislature must be presumed to have sanctioned this meaning when re-enacting the sections referred to, and they must be construed accordingly. This view is not only in accordance with reason and authority, but is supported by the language of the sections themselves. The price paid is not to yield more than the specified percentage of interest "by the year"—that is to say, yearly and every year during the currency of the debentures—and it is not inconsistent with this restriction that the interest for the first half-year is computed from the date on which the term of the loan is deemed to commence, and not from the dates on which the instalments are actually paid.

The foregoing considerations apply also to the discounts allowed on instalments paid in advance, although that question is not raised by the Audit Office. Moreover, in the case of the discounts there is this further consideration (based, of course, on the assumption that the concession of interest is legal): The debentures carry interest at 4 per cent., and it is therefore to be presumed that the money they represent is worth that to the Government. If so, then in every case where an instalment is paid in advance the Government gets for $1\frac{1}{2}$ per cent. (the rate of discount allowed) what is worth to it 4 per cent. The result is thus a clear gain of $2\frac{1}{2}$ per cent., and it cannot be reasonably contended that the section forbids it.

I desire to guard myself from being supposed to hold that these concessions and discounts may lawfully be granted without limit. They may be so excessive as to amount to an unlawful evasion of the Act. It is a question of intention and degree, and each case must be determined on its own facts. In the present case what has been done is in strict accordance with the established usage and practice. Indeed, I may point out that the Audit Office itself raised no objection to the Half-million $3\frac{1}{2}$ -per-cent. Loan issued in November, 1896, although there, as here, the minimum price of issue (£100 per cent.) gave the maximum rate of interest allowed by the Act. There was no margin, and yet the usual concessions of interest and discount were allowed, just as in the present case.

I have dealt with this question very fully not because I felt any doubt about it, but because it practically involves the validity of the Half-million Loan. The Audit Office is, of course, only doing its duty in insisting on the strict observance of the law in the issue of public moneys. It is therefore bound to object to anything which in its opinion is not in accordance with law. In questions of purely departmental concern the stage at which its objections are raised is not of much importance; but in large financial transactions such as this it is in the highest degree desirable that all objections should be raised and disposed of at the earliest possible moment, and, at all events, before the public credit has been committed. In the present case the scrip-certificates have been duly countersigned by the