

25. Did you satisfy yourself further, or let the matter stand aside?—I considered the matter from time to time, and I came eventually to the conclusion that the Act would not allow the rate of interest proposed by the prospectus to be paid from the 1st April.

26. Look at No. 4 of this paper. It says: "The question was asked under the misapprehension that the opening of the tenders in the presence of the Controller and Auditor-General might imply his satisfaction as to the point raised." Is it a misapprehension, or what was the cause of sending that letter?—I pointed out the doubt which the Audit Office had to the Colonial Treasurer, and I thus practically remarked that the question was one of administration.

27. That was what you intended by letter 4?—And to make it clear that my position as Controller and Auditor-General was only that of a witness to the opening of the tenders.

28. During the opening of these tenders, did you mention this question to me or in my presence?—No.

29. Some time after the tenders were received scrip was issued?—Yes.

30. When you were asked to sign the scrip, did you raise this question?—No; there was nothing in the scrip to which I could take exception on the point.

31. Did it not fix 4 per cent. as the rate?—Yes.

32. Were you not aware that the prospectus remained unaltered, and you were present at the opening of the tenders?—There was nothing raised as to this point.

33. We had the prospectus with us at the opening of the tenders?—I should think so. I have no doubt that it was so.

34. Do you recollect referring to the prospectus?—I have no doubt I did.

35. At all events, the scrip itself had 4 per cent. on each?—I think I can admit that.

36. Did it not follow that we must issue debentures to which the tenderer was entitled?—No doubt the prospectus so far bound the Government to issue the debentures—that is, the Government had committed the colony.

37. If there was anything to stop the colony doing an illegal act, it should have been done before the issue of the debentures?—Not by the Audit Office. I think the Government should be informed by the Audit Office when the debentures are issuing, and they come to the Audit Office for countersignature. The doubt was pointed out to you, and the only answer I got was from yourself: "The question has been considered, and the Colonial Treasurer has been advised that there is nothing in the point raised by the Audit Office."

38. Did you ever raise the question as to how the interest was to be paid?—No; that question never came before me until the debentures with the coupons attached were presented for countersignature.

39. Did you know of that when you signed the coupons?—I was not aware that the debentures would come before me with the coupons attached. I was aware the debentures would in the ordinary course come before me for countersignature, but sometimes they are issued with the coupons and sometimes without.

40. You were aware that the colony had to pay this 4 per cent.?—Yes.

41. At what date did you notify that you refused to sign these debentures?—I am not sure of the exact date.

42. There is a letter of yours (No. 6) dated the 29th July: would that be the date?—I think that would be about the date when these coupons were presented to me. The matter in relation to which that letter was written is contained in No. 5, which is dated the 27th July, so that it would be about the 29th July.

43. Then, the rebuttal was contained in the letter of the 29th July?—I pointed out there that the coupons would result in yielding to the purchaser a higher rate than 4 per cent. per annum on the purchase-money, contrary to the provisions of section 10 of "The Aid to Public Works and Land Settlement Act, 1900."

44. Did or did not the Secretary to the Treasury see you about this?—I think it likely he did. I spoke to him about this communication.

45. You see the opinion of the Law Officer of the Crown is given on the 12th of August?—Yes.

46. Between the 29th July and the 12th August did or did not the Secretary to the Treasury see you in reference to this matter and urge upon you to sign the debentures?—I do not recollect that he did.

47. No recollection as to ascertaining the opinion of the Solicitor-General upon this question between these dates?—No. The first intimation I had was your note of the 15th August, 1901, (No. 12): "Determination of His Excellency the Governor with reference to the question as to the lawful payment of interest from 1st April is attached, and the debentures are again submitted for your countersignature."

48. Will you say positively that between the 29th July and the receipt of my letter of the 15th August no one saw you nor urged upon you to give way upon this point?—No one, according to my recollection.

49. Were you not aware at that time of the opinion of the Solicitor-General?—No.

50. In no way?—No. It came upon me, as I have said before, as a surprise.

51. Are you positive about this? Probably you do not recollect it. I want to be perfectly fair to you, so I ask you the question?—I am making no complaint of unfairness now. I am stating what occurred, to the best of my recollection. I say I had no knowledge at that time of the advice of the Solicitor-General. Some one may have said to me, "The question has been considered," as you say in your note, but I had no knowledge of this advice of the Solicitor-General.

52. You say you did not discuss this matter in that interim?—I have said on several occasions to the Treasury I was satisfied as to the law, and the law was against them.