53. Was that between the 29th July and the 15th August?—I would not be sure as to the date, but probably it was.

54. You said just now that you did not discuss the question with any one: you are practically contradicting yourself?—I am not. If I appear to be so it is because I misunderstood you. I say I may have talked about this matter at times, but it is impossible to recollect what I said. My recollection is that I expressed my opinion that the law was clear on the point, and was against the proposal to pay this 4-per-cent. interest from the 1st April, according to the terms as set forth in the prospectus.

55. Then, between the 29th July and the 17th August Mr. Heywood may have mentioned this matter to you. I do not know that he mentioned it to me; I may have mentioned it to him. I am quite sure that any remark made by me was made without any knowledge of the opinion of the Solicitor-General, or with any idea that he had given that opinion.

56. Was it ever pointed out to you the great danger to the credit of the colony if the debentures were not issued, and the serious position in which the Government was placed?—That may be so, but I had to raise the objection of the Audit Office that the law was against the proposal.

57. The gravity of the situation was not shown to you?—I do not say the urgency was not. It probably was. If I recollect aright, when your note of the 13th August, No. 12, was forwarded, the remark was made that the despatch of the debentures was urgently required.

58. Anything said that if this was not done the interest in London could not be paid on the due date?—I think there was a remark to the effect, on this occasion, of regret if the debentures were too late for the mail, and I was about to countersign them when I observed another fault in them. They came to me on the mail-day too late, I think, to be countersigned, in any case, on that day.

59. You had received the Governor's Warrant at that time. My question was with regard to the 13th?—It was on the 15th. I see that I have misread the "15th" as the "13th."

60. You say you discovered another error, and then you raised further objection after the Governor's Warrant had been issued?—I had arranged with the Secretary to the Treasury to have these countersigned that day; but then I read the debentures with the Act, and discovered a discrepancy.

61. Why did you not discover that error before, and call attention to it when making your first objection? What caused you to overlook this?—I had not before read the debentures with the Act, I presume.

62. Do you not think it is very inconvenient, after objections have been raised on one point and that has been settled, to raise another objection? Would it not be better that all objections should be taken at once?—Yes, and if an error of that kind had been expected the form would no doubt have been examined sooner.

63. In respect to the second objection, what was the objection taken?—I think it is expressed here in No. 13, page 6: "It is declared by these debentures that, according to the Act by which their issue is authorised, the principal and interest are chargeable on the Consolidated Fund of the colony." Subsection (3) of section 11 of the Act provides, however, as follows: "The sum of money named in any such debenture, scrip, or other security, together with all interest payable in respect thereof, is hereby declared to be a charge upon and to be payable out of the public revenues of New Zealand."

64. At all events, you had not noticed it before?—I was under the impression that I had pointed out that fault in the form when it was drafted, but it appears from what the Secretary to the Treasury says that I was in error on that point. It appears the draft shown to me was not of these debentures, but of some debentures under the Land for Settlements Act.

65. Section 12 of the Loan Act provides: "No person from whom any part of the aforesaid moneys is raised, or who is the holder of any debenture, scrip, or other security in respect of such moneys, shall be concerned to see or inquire whether or to what extent the powers conferred by or under this Act have been previously exercised, or are intended to be exercised; and all moneys raised or purporting to be raised, and all debentures, scrip, or other securities created or issued, or purporting to be created or issued, under this Act shall, so far as concerns the holder or lender, be deemed to have been lawfully raised, created, or issued within the powers of the Act created in that behalf?—Of course, when the debentures are issued and countersigned by the Audit Office the colony is liable.

66. At all events, this is sufficient: "No person from whom any part of the aforesaid debentures"—and so on—"shall be concerned to see or inquire whether or to what extent the powers conferred by or under this Act have been previously exercised, or are intended to be exercised." Does not the Act make good the debentures?—Yes, I think it does—for the holder or purchaser; the debentures would be lawfully issued so far as concerns him.

67. Does it not give the debenture-holder full security?—I think so; but that would not justify me in countersigning if the form of debenture is contrary to the law in respect of the security.

68. At any rate, this second objection caused further delay?—Yes, that is so.

69. Coming to section 3, subsection (1) of the Aid to Public Works and Land Settlement Act, the following words appear: "They shall bear interest at such rate (not exceeding 4 per cent. per annum), and be for such amounts, and have such currency (not exceeding seven years from the date of issue), and be in such form (with or without coupons), and be payable, both as to principal and interest, at such times and places, and be transferable and negotiable in such manner, as the Colonial Treasurer prescribes." Was it not under the first part of that subsection that the payment of 4 per cent. per annum was allowed by law?—It was under section 10 that I took exception.