

128. What is the amount?—£255,000.

129. More than half the loan?—Yes.

130. What is No. 8 of the list?—That is payable in London.

131. Interest also was payable in London?—Yes.

132. Can you say whether the applications for debentures came from London?—I could not say.

133. By whom where the debentures to be signed?—By the Colonial Treasurer.

134. Are they signed by him?—They are signed by Mr. Mills. I think nearly all of them, with the exception of three, were signed by Mr. Mills, but I am not quite sure.

135. By section 3 of the Act of 1900 they were to be signed by the Colonial Treasurer?—Yes.

136. Is Mr. Mills Colonial Treasurer?—No. I believe the Interpretation Act provides for the signing by a Minister acting for the Colonial Treasurer.

137. Do you know what its provision is in this respect?—I could not quote it without seeing the Act itself.

138. Did you make any calculation as to what the rate of interest would be for the first year on these debentures?—No. I should have to take the debentures separately.

139. How do you know they would realise more than 4 per cent.?—Because they were to bear interest from the 1st April, and the tenders were not opened till the 23rd April, and the principal was not to be wholly paid before, I think, the 4th June. The prospectus says, "The issue-price will be at the rate of £100 in money for every £100 expressed in debentures, payable as follows: Deposit of 5 per cent. on application; first instalment of 45 per cent. on Tuesday, 7th May, 1901; second instalment of 50 per cent. on Tuesday, 7th June, 1901." Still, the full rate of interest at 4 per cent. was to be paid from the 1st April, according to the prospectus and the debentures.

140. What would be the result on the first year?—The result, according to these terms, would be about £2,000 in excess of the amount that 4 per cent. per annum on the whole issue would yield. I am only giving round figures. It would be necessary to go into the details to arrive at the exact amount.

141. What does section 10 of the Aid to Public Works and Land Settlement Act of last year provide, reading it down to, say, the sixth line?—"No debenture, scrip, or other security created or issued in respect of any moneys raised under this Act shall be sold or otherwise disposed of by the Colonial Treasurer, the Agent-General, or the aforesaid agents, at a price that will yield to the purchaser a higher rate of interest by the year than four pounds for every hundred pounds of purchase-money in the case of short-dated debentures."

142. What is the meaning of the term "by the year"?—It is the English expression for "per annum."

143. It was your contention that in the first year there would have been more interest paid than was allowed by the law?—Yes. During the whole period of the loan there would be a larger amount paid than the rate of 4 per cent. per annum for that period would yield.

144. I ask you whether it was for the first year?—The answer is the same, for the whole period, or for the first year.

145. *Mr. Guinness.*] It would only happen in the first year?—Yes; the amount would be the same.

146. *Mr. J. Allen.*] On the fourth page of the correspondence, last paragraph but one, whose opinion is that?—The Solicitor-General's.

147. What does he say in that paragraph—at the beginning of 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."

*Rt. Hon. R. J. Seddon:* I object to your stopping there. I ask that the whole paragraph be read.

*Mr. J. Allen:* Well, read the whole paragraph.

*Witness:* "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 3½ 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."

148. What does he mean by "the established usage and practice"? Do you know of such a practice?—No. The only case is the case mentioned here. That over-allowance was not observed by the Audit Office.

149. If you had observed it what would you have done?—Done as I have done here—pointed the error out on the first opportunity I had of doing so.

150. In a future case would you make a similar objection, notwithstanding the Governor's warrant?—I would, because I consider the statute clearly fixes the limit.

151. Is it your opinion that, with regard to the degree or limit to which this may be done, that is a matter which the Solicitor-General shall decide?—No; I do not regard it as competent for him to settle that matter.

152. Who is to settle the limit?—That is to be settled by the objection of the Audit Office.

153. I understand that the Audit Office will object to any similar case?—Yes; but the Government can apply under section 9 of the Public Revenues Act of last year for a Governor's warrant to charge the interest as if authorised by the Act.

154. If they proceed under that section is it to be the opinion of the Crown Law Office which is to decide the limit to which this can be done?—That office would advise on the question.