13. Then, in discussing this question with the Controller and Auditor-General, were you there officially or privately?—I was there officially.
14. And if the Controller and Auditor-General said that what took place was in the course of an unofficial conversation that would not be a right construction?—I could not have a conversation there on the subject unofficially.
15. Have you been often directed by me without any official memorandum to see the Controller and Auditor-General upon different matters?—Oh, yes.
16. It is a frequent occurrence?—It is usual to do so if there is any doubt about the subsequent action of the Audit Office.
17. Then, when matters of the kind have arisen, instead of giving a written order, or putting it on record, I have said to you, "You had better see the Controller and Auditor-General"?—Yes.
18. And in speaking about this matter of the prospectus you were there in your official capacity as Secretary to the Treasury?—Yes.
19. Was there any alteration in the prospectus suggested by the Controller and Auditor-General?—I think not.
20. Was there anything said at that interview which you had with the Controller and Auditor-General that the securities should be on the public revenue, and not on the Consolidated Fund?—I do not think so.
21. When was that first pointed out?—I think that was pointed out in connection with another issue.
22. Was the first you heard of that when you received the memorandum from the Controller and Auditor-General that he had been directed by the Warrant of His Excellency the Governor to agree to countersign the debentures, notwithstanding the payment of the interest from the 1st April, before the payment of the deposits?—I think the Audit Office drew the attention of the Treasury to the wording of the debentures, as regards the charge against the public revenues of the colony, some little time before the receipt of the Governor's Warrant.
23. There is a letter here dated the 15th August, No. 12: "Determination of His Excellency the Governor with reference to question as to the lawful payment of interest from 1st April is attached, and the debentures are again submitted for your countersignature." You sent that letter to the Controller and Auditor-General?—Yes.
24. Then you received the following communication from the Audit Office on the 16th August: "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'; and it is also declared in the prospectus of the loan that 'these debentures are secured on the public revenues of the colony.' It would appear that, in view of such discrepancy between the declaration in the debentures and the provisions of the Act and of the prospectus of the loan, the Audit Office would not be justified in countersigning the debentures. This objection to the form of the debentures was mentioned about two or three months ago, when a proof of the form was shown to the Audit Office": is that correct?—As I say in No. 14, "I think the Controller is referring to the Land for Settlements Act debentures." I think it was to those debentures that reference was made two or three months ago when a proof of the form of debenture was shown to the Controller and Auditor-General.
25. You are of opinion that the Controller and Auditor-General is incorrect or under a misapprehension in saying he drew your attention two or three months ago to this matter?—I am quite clear about that.
26. Now turn to page 2, No. 2, which is a letter from the Audit Office dated the 11th April, 1901: did anything transpire between you and the Audit Department in reference to the proposed payment of interest as from the 1st April, between that time and the time that you discussed the prospectus with him?—When the Audit Office expressed their doubts in regard to the legality of paying the interest in terms of the prospectus I immediately consulted the Solicitor-General upon the point, and he went carefully into the matter, and assured me there was nothing in the point raised by the Audit Office.
27. It was after you and the Audit Office had discussed the question that you consulted the Solicitor-General?—Yes.
28. And he advised you there was nothing in the contention of the Audit Office?—He did.
29. Did you communicate that reply to the Audit Office prior to the letter which you wrote? I see you sent a reply on the 13th April. I wish to be fair to the Audit Office in this respect, and I ask you, did you orally convey that opinion to the Audit Office?—I am not clear that I did so. I am not at all sure on that point. Some considerable time has elapsed since these occurrences took place, and I do not wish to state anything which I should not be justified in stating. I am not clear upon that matter, but I understood that the Controller was under the impression the Treasury felt it was correct.
30. At all events, you answered it by letter No. 3, of the 13th April: "The question has been considered, and the Colonial Treasurer has been advised that there is nothing in the point raised by the Audit Office." That reply was sent with the advice of the Solicitor-General?—Yes. Of course, that was the reply to the objection which was then raised. The objection had not reached a definite stage before the letter of the 11th April.
31. You sent a request to the Controller and Auditor-General, and said you would be pleased if he would be present at the opening of the tenders?—Yes.
32. To that you received the reply contained in No. 4, of the 18th April: "The question was asked under the misapprehension that the opening of the tenders in the presence of the Controller