

the finances of the colony as Secretary to the Treasury, do you concur in that opinion?—I do, undoubtedly, upon the reading of the law as regards the use of the word "price."

61. You disagree with the opinion of the Controller and Auditor-General—the Solicitor-General's opinion speaks for itself?—Yes.

62. Now, taking No. 6, the opinion of the Controller and Auditor-General, what is your reply to his contention—your reply as a financier?—Well, in No. 6 the Controller seems to confine himself to the interest which would be yielded upon the payment of the first coupons—that it 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 the Act. That objection is very much enlarged and the position is altered almost completely in the *résumé* of the whole matter by the Controller in his letter No. 29, where he does not confine himself to the interest payable on the first coupons. But, dealing with his contention as regards the first coupons, which he states "will 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," I was then clearly of opinion that in using the word "price" in that section the Legislature intended to use the words "price of issue." It seems to me quite obvious that if the price yielded to the purchaser must be limited to the interest named in the Act there would be clearly, at times, no possibility of floating a loan at all. Therefore my opinion is that, so long as the "price of issue" does not exceed the rate named in the Act, the concession, or recoupment, or whatever term may be used to express the inducements which are allowed in the contracts entered into with the would-be purchaser, are clearly within the law.

63. What has been the practice and custom?—The practice and custom, as far as I am aware, has been of a similar nature to that pursued by the Treasury in the present instance—that they invite tenders by the aid of a prospectus setting out various inducements to investors.

64. Have there been any debentures with similar conditions attached thereto during the time that Mr. Warburton has been Controller and Auditor-General, and when the law was the same, to which exception has not been taken?—Yes, several.

65. What construction do you put upon these words which are used by the Solicitor-General, and which appear in the last paragraph but one on page 4 of the paper: "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"?—I should put the construction upon that paragraph to mean that if the concessions or discounts were made to an extent which on their face would be excessive, and therefore improper, they should not be allowed. It is a question of intention and degree. I am a layman, and cannot pretend to construe the law, but I have been told that the law does not take heed of very small matters, and that that is a common axiom of the law. I believe there is such an axiom as *Deminimis non curat lex*, and no doubt some lawyers who are present are aware of this maxim. That is supposed to govern this question of intention and degree—that where a matter is very trivial the law will not necessarily take cognisance of it.

66. At all events, the custom has been to offer slight inducements in the payment of interest?—Yes.

67. And that has never been questioned?—I look upon the raising of a loan as upon the disposal of a commodity which you want to place before the public. It is very much on the same lines as a wholesale dealer in a mercantile business would take. If you want the money and there are plenty of people with money, you will get it on easy terms; but if you want money and there are only one or two individuals who have it for sale, then you will have to pay more for it; and if you put in terms of inducement in your prospectus the purchasers will be more likely to come along. That is the principle which governs all these matters. It is very much the same throughout all the world, as is obvious to those who have studied the matter.

68. The refusal of the Controller and Auditor-General to countersign these debentures of serious moment?—It was of very serious moment.

69. Will you explain to the Committee how?—Well, from various causes, principally from congestion of work in the Printing Office, the debentures were very much delayed in their issue, and the interest on the first coupon was falling due. A large proportion of the money for interest was payable in London, and therefore it was of the greatest concern to the Treasury that the debentures should be issued in sufficient time for the purchasers to transmit the debentures to London. This objection raised by the Audit Office imperilled the possibility of the debentures reaching London in time for presentation of the first coupons upon their due date. I may further add that the action of the Audit Office in this matter absolutely caused many debentures not to reach London on their due date.

70. Was there time for these debentures to be countersigned before the departure of the mail after the Governor's first Warrant was issued?—Yes, there would have been.

71. Were you led to believe, directly or indirectly, that the Controller and Auditor-General was going to sign these debentures after the first Warrant was issued?—I was distinctly of opinion that he was signing them.

72. What led you to that belief?—I had no idea of any other objection. The objection raised was met by the Governor's Warrant, and therefore I concluded they would be signed.

73. Do you recollect informing me that you understood he was signing them?—I distinctly remember telling you that.

74. You had reason to believe that the Controller and Auditor-General was signing the debentures so as to get them away by the mail?—I was distinctly under the impression that he was signing the debentures, or about to sign them, and we made arrangements that one of our clerks should help him while countersigning them.

75. You thought it was all right, and that you would get them away by the mail?—Yes.