

30. Then, you were taken by surprise at the second objection at that stage?—Yes.

31. *Mr. Guinness.*] In submitting the question in dispute to the Law Officer of the Crown, do you only hand to him the actual documents as shown in this correspondence?—Only the documents, with any observations that may be considered by the Treasury to be a guidance to the Solicitor-General.

32. Do you submit to him only the written documents or facts stated in this correspondence, or do you supply him with verbal information about, or in connection with, the matter in dispute?—Nothing more than is shown in the correspondence.

33. How is it that the Solicitor-General, in the opinion given by him, second paragraph on page 4 of these papers, knows anything about the price of the loan of 1879, and also of that of 1899?—That information was obtained from the Treasury at his request.

34. There is nothing in the correspondence to show it has been supplied to him—you see what I mean?—I do not quite gather the meaning of the question. I may help you by saying that any information which the Solicitor-General asks for, consequent on the correspondence being submitted to him, is always given to him by the Treasury to guide him as to the facts of the case.

35. Then, are we to understand that, this correspondence having been submitted to him, he asked whether there were instances before of loans being issued in this way?—Yes, he did ask that. You will understand I was correct in stating that only this correspondence was submitted to him. These other matters were subsequent.

36. *Mr. W. Fraser.*] I want to clear up this point about default in payment of interest on due date. I understand you to say, in answer to the Premier, that default was made by the colony not paying interest on the due date?—So far as I could gather from the mail notices, the interest-coupons could not be presented on the due date in London.

37. That is not my question. I want to know whether you say they were not paid?—I can only speak as far as the mail notices show.

38. Do you know of your own knowledge that default was made in the payment of interest in London on the due date?—Of course, I cannot tell that.

39. Have you heard that default was made?—No.

40. Then, for all you know, interest may have been paid on the due date?—I cannot conceive it was possible to do so.

41. You cannot speak from your own knowledge?—No; but it is not conceivable that it could have been paid.

42. You said just now that after the Governor's Warrant had been issued a new point was raised by the Controller and Auditor-General, which took you by surprise—a point as to the form of the debenture?—Yes.

43. Was that a new point? Had the question as to the form of the debenture ever been raised before?—It had been raised in connection with another debenture under another authority.

44. Are all debentures a charge upon the revenues of the colony?—Not as to the wording of the charge in the debentures.

45. What was the form of the debenture to which exception was taken by the Controller and Auditor-General?—It was charged against the Consolidated Fund.

46. In connection with what loan?—The loan under the Aid to Public Works and Land Settlement Act.

47. I want to know under what Act previous debentures had been issued to which the Controller and Auditor-General made objection?—The Land for Settlements Consolidation Act.

48. Is the debenture borrowing money under the Land for Settlements Act to be charged against the same security as those under the present loan?—Yes.

49. Then, the form of debenture should be the same in both cases?—It would be best presumably, but the Solicitor-General has given the opinion that the security would be the same.

50. Then, I want to know how it came to pass, if this objection was taken to the form of debenture two or three months prior to the issue of the Governor's Warrant, and that the form of debenture was altered in conformity with the request of the Controller and Auditor-General, that you can now say it is a new point when the same objection is raised to these debentures on the same point?—Because the wording of the debenture usually used was continued. The wording of the debenture was the same as that used in the form of debenture to which the Audit Office objected previously. It was submitted to the Audit Office in that form, but they did not then take any exception to it. It was only pointed out when the second objection was made.

51. To put it in another way: do you not think it probable that the Controller and Auditor-General, having taken that objection to a previous form of debenture, would take a similar objection to this form?—It never occurred to me. I had forgotten the fact that the words in this debenture were the same as those to which the Audit Office had objected previously.

52. Then, would it really be this: that the form of debenture in the loan under discussion was faulty through an omission which the Controller and Auditor-General had objected to previously?—I think I may say it was the omission; but it was the form used constantly for years past in other loans.

53. I think it is only fair to the Auditor-General to clear up this point; you urge the springing of a new point upon you, and I want to know whether that was a new point. It was only because you had forgotten about the previous objection?—It was a new point distinctly, because I did not anticipate that the question would be raised.

54. Did that constitute a new point?—As far as this debenture is concerned, clearly a new point. The Audit Office in its first objection is supposed to state all its objections in the matter before it, and therefore I may fairly say the second objection came as a surprise.

55. In answer to some question put by the Premier about the concession in interest, you