

stated, if I recollect aright, that this concession would be offered as an inducement to the lender?
—Yes.

56. These concessions were not strictly legal?—I think they were quite legal.

57. Absolutely legal?—Yes.

58. Have you read the Solicitor-General's opinion on the matter?—Yes.

59. Does he say they are absolutely legal without limit?—No; he seems to say that the limit might be made so excessive as to become illegal.

60. Do you agree with that opinion, that the question of limit or degree has anything to do with the legality or illegality?—I think that is not at all a fair way to look at it. The margin allowed by custom and practice might be pushed to such an extent as to constitute an illegal transaction.

61. Do you not think, if these concessions have to be made, and that they are only slight as is stated, that it would be better to alter the law to enable the concessions to be made in legal form rather than evade the law?—I have a very strong opinion as to altering the law.

62. What do you mean by that?—I have the opinion that in connection with the raising of loans the law should not have such restrictive provisions in it.

63. Do you believe that the law should be altered?—The Solicitor-General is of opinion that the action taken in raising this loan has been legal, and therefore there is no necessity to alter the law.

64. I am asking you, do you consider the law should be altered to enable these concessions to be made?—I think there should not be a possibility of doubt as to whether the Government of the day, when making concessions, should be able to make them legally.

65. Would that involve an alteration in the law?—If there are restrictive clauses in it they should be removed.

66. Do you mean that the law should be altered so as to give the Government absolute discretion as to the statements to be made?—I do.

67. And also that the Government shall have absolute discretion as to rate of interest at which a loan shall be raised?—Distinctly so.

68. Then, if there is any doubt about these points, you think the law should be altered to remove that doubt?—Yes; I think it would be most advisable.

69. If the law were altered in that direction the objections raised by the Controller and Auditor-General would not be raised?—No.

70. It would not be a possibility?—No.

71. Did I understand you to say that you were present when the debentures were being opened?—I was.

72. And that the Auditor-General took no objection to the form of debenture on that occasion?—He did not.

73. On what date were the tenders opened?—On the 23rd April.

74. Was not the letter of the 18th April an avowed expression of intention on the part of the Controller and Auditor-General that he might take exception to the concessions, when he says, "The question was asked under the misapprehension that the opening of the tenders in the presence of the Controller and Auditor-General might imply his satisfaction as to the point raised. He will, however, be merely a witness to the opening of the tenders which may be opened in his presence"?—Yes.

75. Is not that a guarded letter?—Yes, guarded.

76. Guarded from the interpretation that he approved of everything that had taken place?—It might be read so, of course.

77. *Mr. J. Allen.*] Could you tell us the date when the original form of debenture under the Land for Settlements Act was objected to by the Controller and Auditor-General?—I could not tell you the date.

78. Somewhere about?—I think it is mentioned in this correspondence—about a couple of months before this objection was raised.

79. Is the statement by the Controller and Auditor-General in his letter No. 13, on page 6, "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," correct?—I have no doubt that would be correct.

80. Then, it was two or three months before the 16th August?—Yes; quite possibly.

81. Was it May or June?—As I have said, I could not tell you the date.

82. Somewhere about, then?—It may have been. More likely June than May.

83. Then, was it in June that the debentures under the Land for Settlements Consolidation Act were submitted to the Controller and Auditor-General, and he objected that they contained the words "Consolidated Fund" instead of "public revenues of the colony"?—It would be about that time.

84. Who drafted the form of debenture under the Aid to Public Works and Land Settlement Act?—It was drafted in the Treasury, as usual.

85. On what date?—I could not tell you.

86. About the date?—I could not tell you.

87. Later than June?—I could not tell you.

88. Was it in the year 1900?—No; in 1901.

89. Before May, 1901?—I should like to have an opportunity of refreshing my mind on the matter by referring to the documents. I really do not carry the dates about in my head.

90. Was it before April?—I do not remember.

91. I understood you to say that in June, or about June, the Controller and Auditor-General objected to a similar debenture under the Land for Settlements Consolidation Act?—He objected to the form of debenture under the Land for Settlements Consolidation Act.