167. Then, do you consider that an excess of £20,000 would be lawful?—I consider that £20,000 might be lawful.

168. A £20,000 concession lawful?—Yes, if it were necessary to the successful raising of the loan.

169. Is there any limit to the extent to which the statute may be evaded?—I consider there has been no evasion of the statute.

170. Do you agree with the Solicitor-General?—Yes.

171. Then, you agree with these words: "They may be so excessive as to amount to an unlawful evasion of the Act"?—Yes.

172. You say now there is no limit?—No, I do not say so.

173. Was it in strict observance of the law to pay more than 4 per cent. for one year?—I consider the action taken was in strict conformity with the law.

174. Was more than 4 per cent. paid in the first year?—Yes.

175. Would you say how much more?—No more than 4 per cent. as far as we were concerned, but the result to the purchaser would yield him more than 4 per cent.

176. How much more?—I could not say.

177. You have not worked it out?—I have not worked it out. Of course, it would have to be worked out actuarially.

178. Do you agree with this portion of the Solicitor-General's opinion—in the first paragraph on page 4: "The Audit Office is, of course, only doing its duty in insisting on the strict observance of the law in the issue of public moneys"?—I do not think any objection can be taken to that.

179. That it should be "in strict observance of the law"?—Yes.

180. Did the Audit Office express its opinion that this was not in strict observance of the law?—Yes.

181. And the Controller and Auditor-General was doing his duty in making that statement?—Yes.

182. You say that in submitting this case to the Solicitor-General this correspondence here was all that was submitted to him by the Treasury?—Yes.

183. No other correspondence but this?—No.

184. And the only other information given was what was asked for by the Solicitor-General?—Yes.

185. In what position is the Controller and Auditor-General in submitting these matters to the Solicitor-General? Does he submit his case at all in the same way?—I do not know what the Controller and Auditor-General does.

186. When these matters are submitted to the Solicitor-General, do you think the Controller and Auditor-General should submit a case as well?—I think the objection raised by the Audit Office should be a full and complete one in the first instance, and that the objection is always considered by the Treasury to be a full and complete one. Then such objection is submitted to the Solicitor-General.

187. Is the opinion of the Solicitor-General submitted to the Controller and Auditor-General before action is taken?—No. If the Solicitor-General disagrees with the Controller we submit the matter to the Governor for his Warrant.

188. Could you suggest any better method of submitting these matters to the Solicitor-General, so that the Audit Office could be heard more than it is at present?—I could not. We have frequently submitted opinions of the Solicitor-General to the Audit Office when they were opposed to the opinion expressed by that office, and they have never produced any favourable results. The opinion of the Audit Office remains unchanged, and if it is a question of law we have to go for the Governor's Warrant.

189. *Mr. W. Fraser.*] On this occasion was the advice of the Solicitor-General submitted to the Controller and Auditor-General before the Governor's Warrant was asked for?—No.

190. It was not done on this occasion?—No.

191. I understand you to say that on previous occasions the opinion of the Solicitor-General had been submitted to the Controller and Auditor-General before any decision was come to by the Treasury?—Yes; we have done so.

192. It was not done on this occasion?—No.

193. *The Chairman.*] You say this opinion of the Solicitor-General was not submitted to the Controller and Auditor-General before the Governor's Warrant was asked for?—Yes.

194. I ask you to look at No. 17, on page 6, which says, "I think the Solicitor-General's opinion will enable you to see your way to countersign the debentures, which are urgently needed"?—That was the opinion with regard to the second objection that was submitted to the Controller and Auditor-General.

195. *Rt. Hon. R. J. Seddon.*] Is there any limit to the manner or ground upon which the Controller and Auditor-General may submit his objection?—Not that I know of.

196. Can the Controller and Auditor-General, before he objects, consult the Solicitor-General?—I always understood he could.

197. Then, the answer is that he can submit his opinion in any manner or on any ground he chooses, and take the opinion of the Solicitor-General as to whether the grounds are defensible?—Yes, that is my opinion.

198. Whether the ground is as to the legality or otherwise of the transaction, the Controller and Auditor-General can submit it to the Solicitor-General before he lodges his objection?—I think so.

199. You say there have been cases in which the opinion of the Solicitor-General has been submitted to the Controller and Auditor-General?—Yes.

200. Do you remember any case in which the Controller and Auditor-General has discussed