the face of the debenture, and whether that would not affect the security. In other words, although the debenture form stated "Consolidated Fund," I ask you whether the Act would not override the debenture form and give to the purchaser the whole of the security contemplated by the Act?—I should say it would clearly do so.

228. In other words, the Act of the Legislature would be paramount to the act of the Colonial Treasurer in putting these words into the form of debenture?—Yes.

229. And would not the debenture-holder have the security of the public revenues?—That would be so.

230. Is there not a clause in the Aid to Public Works and Land Settlement Act—clause 12—which would meet mistakes of this kind?—Yes.

231. Which says that, notwithstanding anything that may appear in the form of debenture, it shall not affect the security?—Yes.

Mr. Warburton: I merely wish to remark that I regard Mr. Heywood's memory to be in fault as to what took place on the 15th August, when the debentures were sent to me. The 15th August was the day of the despatch of the mail *viâ* San Francisco. The debentures came to me on that day, and he was then informed by me that they were too late for the mail of that day. He observed it was a pity they were too late. He arranged then that a clerk should come to me on the following morning, the 16th, to attend to me while I was signing the debentures. There was no mail on the 16th, and when the clerk came I read the body of the debenture form through, and then observed that there was a discrepancy between the wording of the debenture and the Act as to the security. That is my recollection as to the circumstances on that date. I have no questions to ask Mr. Heywood.

232. *Rt. Hon. R. J. Seddon.*] I should like to ask Mr. Warburton on what date he received the debentures and coupons dated the 27th July?—I could not say. It would be between the 27th and the 29th; probably the 28th.

233. In a matter so serious as this you would take time to consider it?—On that particular point I had considered it, but I had not read the debentures through in regard to this other point. The other matter had been the subject of a conversation before.

234. Coming back to the question of recollection, if Mr. Heywood had informed the Colonial Treasurer that you were going to countersign the debentures, that would strengthen his recollection of what had taken place? If he stated to a third person that you were going to countersign the debentures it would naturally mean either that he had misunderstood you or that his recollection is right?—I do not think that is possible.

235. *Mr. J. Allen.*] With regard to these debentures which were submitted to you, you do not recollect the exact date on which they were submitted?—No. It was between the 27th and 29th July.

236. Did you read the debenture through?—No.

237. Why not?—It did not occur to me that the debenture form might be wrong. I had previously pointed out a similar mistake where the Act said the security was the public revenues, and the debenture had the words "Consolidated Fund."

238. Was the form submitted to you for your perusal?—The debentures were submitted to me for countersignature in this particular instance. The question of the interest was before me, and it did not strike me that there would be any further error.

239. You did not notice this one?—No.

240. When did you first notice it?—When the first Governor's Warrant was given to me, and the clerk came to me who was appointed to attend me in countersigning the debentures. That was the first time that I read them through. Seeing the words "Consolidated Fund," I made a remark somewhat to this effect: "The Act provides that the security shall be on the public revenues of the colony."

241. Whilst the form of debenture was different?—Yes.

242. That was the first time you noticed it?—Yes.

243. Did you inform the Treasury immediately?—I wrote the memorandum of the 16th August at once.

244. *Rt. Hon. R. J. Seddcn.*] Were you not to blame for not noticing the omission of such important words?—If I had observed them I should have called attention to them.

245. You heard Mr. Heywood admit it had escaped his attention, and he was asked whether he was not to blame for that?—Yes.

246. You omitted to see them?—Oh, yes; we do not observe everything.

247. Then, if one is to blame, you also are to blame for not having noticed this?—There is no doubt if that error had been suspected the debenture form would have been read carefully through, and compared with the Act.

248. *Mr. W. Fraser.*] Would it not obviate all difficulties of this nature if the draft of the prospectus of the loan and the draft of the form of debenture were submitted to the Audit Office before printing and publishing?—The Audit Office would do its best to keep the prospectus and form of debenture in order. I think that course would be a security against error.

249. Would it not also be frequently a security against loss of time and delay?—Yes; it would be a security against that.

250. *Rt. Hon. R. J. Seddon.*] Was not the prospectus sent to you?—It was, in what I think a private way.

251. You have heard Mr. Heywood state he was sent to show it to you by my instructions?—I heard him say so, but that is the first time that I heard it.

252. (To Mr. Heywood:) What is your recollection of what took place when you sent the debentures to be countersigned?—I distinctly inferred that the Controller and Auditor-General was going to countersign them. Possibly the best way to get at that would be to ask the accountan and the clerk to attend the Committee. Their recollection would be clear.