

549. Were the works always going on?—Yes, they were always going on.

550. Did you ever take the work out of Mr. Smith's hands?—Never.

551. Did you ever give him any notice of any kind that you took the work of his hands because of his insolvency?—No.

552. Did you ever, previously to this, speak to Mr. Martin about his position as surety?—I had numerous conversations about his being surety. I don't remember anything further.

553. On the occasion of the conversation about your having 2½ per cent. to look after the work, did you say anything about the Government guaranteeing him against loss?—No.

554. Did you ever say anything to him about guaranteeing him against loss?—I may have said in casual conversation that he would not lose.

555. Was it your opinion at the time that he would not lose?—I thought so, because he had so much in hand.

556. What do you mean by so much in hand?—There were £4,000 or £5,000 to the good already on the ground.

557. Are these figures correct—£2,172 work actually performed in January; a progress payment of £330 due; detention money, £1,000; materials on the ground, £1,829?—Those are correct.

558. What do you mean by £4,000 or £5,000 on the ground?—The building already standing there, the detention money, the progress payment that was to take, and the materials that were unused.

559. Do you know what the value of the material on the ground was at the time?—£1,829.

560. How do you know that?—My clerk of the works reported to me monthly, and I learnt from his report.

561. You say that you had never given Mr. Smith any notice whatever as to your taking the work out of his hands?—None; I gave him no notices except those which could not be acted upon until April.

562. You say there were always one or two men at work?—Yes.

563. After you told Mr. Martin that the Government did not approve of the proposed arrangement, do you remember calling his attention to something that appeared in the *Advertiser*?—Yes.

564. Did you inform Mr. Martin that the Government objected?—Yes, verbally.

565. What did he say to that?—I don't recollect. The thing dropped, and the work went on.

566. We find that you wrote to Mr. Martin on the 8th of February, recommending him to send to Auckland by the "Airedale" for some timber; why did you write that letter to Mr. Martin?—Mr. Martin was then arranging to carry on himself, and it was necessary that these boards should be seasoned, and I undertook to give him a list of them. The steamer was leaving for Auckland, and I believe he sent for them.

567. Had anything taken place between you and Mr. Martin which led you to write this?—I think he asked me what timber was most needed first of all.

568. All your letters to Mr. Smith seem to be addressed to "Mr. Ben Smith, Contractor," but I see in some of his letters that he signs "Ben Smith, for John Martin." Do you know why Mr. Smith signs for Mr. Martin?—No.

569. You have observed that this was so?—Yes; I noticed it.

570. You supposed that all the money that was being found to carry on the work, was found by Mr. Martin?—Yes.

571. In February did the works go on satisfactorily?—Yes. I find in my report to the Government, on the 17th February, I say "Since Mr. Martin has taken the management of affairs, things are very different, numbers of sub-contractors swarm the buildings, and day men are employed where the nature of the work requires them."

572. Had you ever any authority from the Government to make an arrangement with Mr. Martin?—On the contrary, they objected to my making an arrangement.

573. Did they give any reason?—Because the position would not be a consistent one if I were acting for both parties.

574. Did the Government ever authorize you to make any special arrangement with Mr. Martin to carry on?—No.

575. Or any contract to pay him anything he might be out of pocket?—No.

576. And you never told him the Government would see him through?—No.

577. Did you ever say anything that he could have understood to be an engagement on your part, pledging the Government that he should not lose by the contract?—Never.

578. Did you ever say anything to him about his not being still looked upon as surety?—On the contrary, in conversation I have always considered and told him he was surety.

579. Have you on many occasions, since the first week of February, spoken to him and of him as surety?—Yes; frequently.

580. Can you mention any particular occasion?—No; I cannot.

581. On some occasions you seem to have sent Mr. Martin copies of letters which were sent to Mr. Smith?—I may state that I never took any steps from beginning to end, where I had a doubt, without consulting the Attorney-General.

582. It was under advice that you sent the letters to Mr. Martin as well?—Yes.

583. You seem to have addressed Mr. Smith as contractor, but not Mr. Martin as surety; that appears to be the only failure?—Yes; but he is spoken of as surety in some of the letters.

584. Do you recollect an occasion on which Mr. Smith, Mr. Martin, and yourself came over to the Attorney-General's office, some time in April, 1870, or about that time—not long after Mr. Smith's insolvency?—I remember being in the Attorney-General's office with Mr. Martin, Mr. Smith, and yourself, but I don't remember the date. I think there was some one occasion on which we all met in your office.

585. In none of these letters has Mr. Martin denied that his position was that of surety?—Never.

586. And in none of his answers did he ever deny it?—I have no recollection of his ever denying it. He used frequently to say, chaffingly, "The contract is broken."