

MINUTES OF EVIDENCE.

FRIDAY, 11TH JUNE, 1886 (Mr. J. W. THOMSON, Chairman).

Telegram to Chairman from Mr. Steward.

J. W. Thomson, M.H.R., Wellington.

Christchurch, 5th June, 1886.

STEAMER arrived here too late catch last train. Cannot reach Ashburton till eleven Monday. Should not like have return same evening. Can you postpone Committee meeting till Friday morning. Propose return by Tuesday's steamer, arriving mid-day Wednesday. Have to attend another committee Thursday. Reply to-night or to-morrow (Sunday) to Coker's Hotel, Christchurch.

W. J. STEWARD.

Mr. W. J. STEWARD, M.H.R., examined.

1. *The Chairman.*] Having read the order of reference, I may further state that it is reported that you had some arrangement or understanding with the Waimate Railway Company, by which you were to receive some remuneration or commission in the event of your succeeding in getting the Waimate Railway included in the District Railways Purchasing Act, and that you did receive remuneration for that work. It is also reported that you communicated by telegram with the Rotorua Railway Company to the effect that you were prepared to negotiate their debentures for remuneration or commission, the commission being 10s. per cent.; that this led to a correspondence and to the purchase of the railway debentures by the Government; and it is also said that you received commission for that. You appear before this Committee that you may make your own statement with regard to these various reports?—I shall be very happy indeed to do so. Perhaps the Committee would allow me to go back, so as to explain the whole matter—how it arose that I had anything to do with the sale of debentures. First let me say, with regard to the first question which, as I understand, you put to me, as to whether I knew I was to receive, or that I ever asked for, a consideration in the event of the District Railways Purchasing Bill passing, decidedly not. I had no idea that these debentures would be placed in my hands until after the District Railways Purchasing Bill had passed. My connection with the sale of these debentures was practically a private business transaction, which occurred during the recess. I recognize the object with which this inquiry is held, and I quite approve of it, inasmuch as statements appeared in some Auckland newspapers—some penny-a-lining statements—which were altogether incorrect. Now, the Committee will perhaps recollect that some three years ago the District Railway Companies were in this position: They had debentures of their own to sell—7-per-cent. debentures—and the Government guarantee with respect to the interest extended only so far that they could rely on the part of the colony for 2 per cent. of that amount. I think you will recollect that at this time the companies, relying on the Acts that had been passed, not anticipating that there would be any difficulty in floating their debentures, had proceeded with the works so far as they were concerned; and they had obtained considerable overdrafts, relying on their being able to float their debentures without difficulty. Some three years ago the directors of the Waimate Railway found that a difficulty arose with regard to the sale of their debentures in London, owing to the fact, among others, of the Act being so framed that the Government guarantee in respect of interest extended only for fifteen years, while the debentures were of thirty years' currency. I happened to mention that I knew there was a considerable sum of money in the hands of the Insurance Department, which they were ready and willing to invest in any good security. They asked me whether I would endeavour to sell their debentures to the Insurance Association. I told them that I could not leave my business to act for them, except as a matter of business. They put the matter in my hands as a matter of business. I then proceeded to Wellington and offered the debentures to the Government Insurance Department. While on my way to Wellington I met the chairman of the Duntroon and Hakateramea Company, who, ascertaining what my business was, placed their debentures in my hands also for negotiation. I offered them to Mr. Luckie. There were two or three interviews on the subject. Owing to the fact that the Government guarantee only extended for fifteen years, while the debentures were current for thirty, the thing could not be entertained. The whole concern then dropped through. I never had any idea that a similar negotiation would come into my hands until the evening of the 21st of last September, being just before Parliament was prorogued. That evening I received a letter from Mr. Frank Slee, the secretary of the company, in which he pointed out that, as money was to be had at a cheap rate at Home, the directors would be glad if I would offer to the Government Insurance Association the £33,000 odd debentures which were to be received by the company under the District Railways Purchasing Act, and stating that it would be treated as a matter of business. I then wrote a short memorandum—two or three lines—to the Chairman of the Government Insurance Association, asking him whether they would entertain a proposal for the purchase of these debentures.