

162. Did he hint in any way who his principal was?—No, in no way whatever. He stated, in fact, in one of his telegrams—not to me—that after the arrangement was completed he would make known the purchaser.

163. Was it not running in the minds of the directors previous to his disclosing the principal, who the principal was?—Naturally they had their opinion; and they would consider it not unlikely that the Government would really turn out to be the purchaser when the name was disclosed.

164. Did you think Mr. Steward's position as a member of this House would in any way facilitate the arrangement between him and the company?—Well, that I am not prepared to say.

165. Would your company have been likely to intrust the sale of the debentures to Mr. Steward had he not been a member of the House?—Under the same circumstances—of his being in Wellington and being connected with negotiations for another railway?

166. Under any circumstances?—Well, they would require to know that the party was of some standing before they would intrust the negotiation of such an important matter to him.

167. Then, practically, the fact of his being a member did facilitate the arrangement between him and the company?—Well, he was known to be a public man certainly, and had a certain position; although not known to the company as being in any way connected with financial business.

168. Do you think that the company had the idea that from his position and his connection with the Government—I am speaking of him as a Government supporter—do you think it entered into the minds of the company that they might thereby make better arrangements with the Government, and save the commission that Major Steward would claim?—I do not know that they could take that view, for this reason: that in the first telegram he states the terms to be $\frac{1}{2}$ per cent. commission.

169. Just so. But if the company had thought they could save this $\frac{1}{2}$ per cent. by dealing direct with the principal, do you not think they would have adopted that course?—They would have been bound to do what was best in their own interests and in the interests of the shareholders; but the fact that they took this course showed that they thought it the best the Board could adopt.

170. *Mr. Cadman.*] Was the negotiation entered into at a full meeting of the directors?—I think it was as full a meeting as usual. There was certainly a quorum—there were at least five present.

171. Were you not positive in your own mind that the Government would be virtually the purchaser?—Well, I had my own idea.

172. Will you tell us what it was?—That there was a probability such might be the case.

173. Of course, you would naturally communicate that to your co-directors?—I think the other directors were quite as able to form their own opinion on this point as myself.

174. If you decline to answer the question, say so?—What I mean is that they were gentlemen of large experience, and would be quite as able to arrive at an opinion on that point as myself. I am not declining to answer.

175. At a meeting of the directors you were bound to have a conversation about this. Was it not stated among yourselves that the Government would probably be the purchaser?—I must decline to state what conversations took place with the Board; that does not concern the public. There is no harm in saying that the Board had that impression.

176. *Mr. Fulton.*] Was Mr. Steward very busy in the House in getting the District Railways Bill passed?—I understand he was some at stages, although I had no communication on the subject with him.

177. Do you remember that the Waimate Railway was originally struck out?—I do.

178. You remember that it was reinstated at a very late hour?—Yes.

179. Do you know at all at whose instance?—No; I know nothing definite in the matter other than the result in the House.

180. Did this weigh in your mind in arranging with Mr. Steward for the sale of these debentures: that Mr. Steward was a supporter of the Government, that he had been very much interested in the District Railways Purchasing Bill, and that he was in Wellington at the time?—Well, some of these weighed; but in my own mind—and, I am certain, in the minds of the other directors as well—we never connected with the question of arranging for the sale of the debentures the fact that he had been interested in the passing of the District Railways Bill.

181. Can you say what the directors of your company gained by conducting the negotiations through Mr. Steward?—Well, I may state this: that the directors, as I stated at first, were contemplating the possibility of floating these debentures upon the London market; but when an opportunity occurred for disposing of them here and doing away with the uncertainty which naturally attaches to such an operation in the London market, they were not unwilling to see it given effect to—they were rather desirous of doing so.

182. In effect, they paid £536 commission on the sale?—Well, it really came to this: that there was $\frac{1}{2}$ per cent. to be given on £115,000 in the first instance, and then £40,000 expenditure to complete the first section of the line—about £155,000 odd. Speaking generally, there would be $\frac{1}{2}$ per cent. on that.

183. What commission have the directors paid?—I am not aware that they have paid the commission yet, but if they have it would be roughly what I have stated.

184. You do not know?—I do not know of the commission having been paid to Mr. Steward, but I could easily ascertain.

185. You do not know how much was due to Mr. Steward?—No more than from knowing the terms of the arrangement as disclosed in the telegrams.

186. Then, do I understand this: that your company thought it worth while to lose $\frac{1}{2}$ per cent. so as to negotiate through Mr. Steward?—Well, the company felt that if they sold in London there