

314. I think you will find it in black and white.—I am not acquainted with the matter, but I think it right to state it, because Government thought of dealing with the Board's claims in connection with this reclamation. Government entered into negotiations on this subject with members of the Board. The Under-Secretary for Public Works could furnish you with the information.

*Hon. Sir J. Hall:* It was a contingent responsibility on the part of the Board not to become operative until the Board required.

Hon. J. T. PEACOCK, M.L.C., examined.

315. *The Chairman.*] Would you kindly state to the Committee, Mr. Peacock, what you know about this matter, especially with reference to your interview with Government when you were Chairman of the Harbour Board?—With respect to that interview, I may perhaps begin where Mr. Maxwell left off. Sir John Hall was quite right in stating that this reclamation at Sticking Point was a contingent arrangement. Government, I think, suggested that if we took this over they would give it to us in place of the Gladstone Store claim which we have made. They acknowledge we had a right to this payment for the Gladstone Store Sheds, and suggested payment of the claim by giving the Board the reclaimed land at Sticking Point, which we have a right to take over when we choose, but are not compelled to take at all. I suppose you want my evidence with respect to the negotiations in reference to No. 5 shed. In 1880 the Harbour Board determined to lease the sites, and made an intimation to that effect to the Government—that was, to advertise for tenders for the lease of these sites to private people, who were anxious to erect warehouses on them for shipping purposes. Government replied to us that they wanted the sites themselves, and requested us to withdraw them from offer by tender. At the same time, they said that if they had the money to pay for the site they would take the land from us under the powers which existed in the Harbour Boards Act. Then, sir, the Government asked us if we had any unexpended balance of loan money with which we could build a shed and finish the reclamation, for which in the meantime they would allow us as rental 7 per cent. on the estimated expenditure, which amounted to £2,002 a year.

316. *Mr. Barron.*] Did they ask you by letter?—Some negotiations did take place in writing, but I am speaking of what took place in my own hearing.

317. You have no fresh evidence in writing other than that which appears in the correspondence?—No. I am thoroughly acquainted with this matter, I may say, because I happened to be a party to it; in fact, I came into the Board just previous to these negotiations. Then, sir, some negotiations took place with regard to erecting this shed upon the site for the Government; and then began what I considered, and what all the members of the Board considered, an arrangement that was to continue until the Government repaid us the cost of the shed and reclamation. Before the Government took possession of the shed we intimated to them that the shed was ready and certified to by the Railway Engineer, as was required by our arrangement. I took that, and I take it now, as a proof that the Government intended to complete the arrangement they made with us, that they were ultimately to become the purchasers of this site; and then, to make my contention even stronger, Government at the same time put rails and made the whole of the arrangements for carrying on the work in connection with this store, at very great expense. I maintain that that was an indication that Government intended at that time to complete the bargain they had made with us, for, is it probable that the Government would have gone to the expense of £6,000 or £8,000 simply to become a yearly tenant? I think it is positive proof that this was only a temporary arrangement, and that Government intended to buy the site as soon as they got a vote from Parliament for the purpose, in spending such a large sum of money in works in connection with the store. I am positive that if this arrangement had not been made with the Government, that this was only to be a loan by us, the Board would not have sunk that money in the building of the store, because previous to this negotiation we had completed what we thought at that time were all the works we had to do, and we had an unexpended balance of from £20,000 to £30,000, which we had determined to invest at interest as a reserve fund for any future operations the Board might find necessary to carry out. That is a proof that the negotiation we made with the Government was simply a loan to them for the time being of a sum of money which otherwise would have been made a reserve fund. I had a personal interview with Sir Robert Stout on this matter. I do not think I was Chairman of the Board at the time. As, unfortunately, there was no written lease, and Government had intimated their intention of breaking the agreement, I offered, with the consent of the Board, to reduce the rent of the shed to £1,500. The reason why we offered to reduce the rent to £1,500 was, we were advised by our solicitor that, as Government had disputed the agreement we had made with them, which, unfortunately, had not been put in writing, we had not a leg to stand upon. I, on behalf of the Board, offered to compromise with them, therefore, and take £1,500 rather than have the whole arrangement broken. I saw in some of the evidence a reference to an alleged difference between the interpretation put upon Sir Robert Stout's statement by the Committee and the expression of it by the Board. I say, with respect to my interview with Sir Robert Stout, that the question of the payment of the £3,300 for the Gladstone Sheds was altogether independent of the question of the rent of No. 5 shed. There were two distinct questions; and, with regard to the No. 5 shed, Sir Robert Stout—at all events, it was in my mind—had an idea we had a very good claim, and he said he would instruct the Hon. Mr. Reynolds to inspect the site on his way to Christchurch, and give his view as to the value, with the view of Government considering the question in the future. The Hon. Mr. Reynolds did make this inspection, but I have not seen his report. It has never been laid on the table of the House. Perhaps it was only a private memorandum for the information of the Government. The two questions were entirely separate. The one of £3,300, Parliament was to be asked for a vote for the purpose of paying that; the other was a contingent one, to be laid before Parliament when the Hon. Mr. Reynolds had inspected the site and reported upon the matter.

318. *Hon. Sir J. Hall.*] The claim of £3,300 was distinct altogether from the question as to No. 5 shed?—Yes; but as regards No. 5, I am positive in my own mind, and I think I can be just