

236. In mortgage or overdraft?—Overdraft.

237. Not in mortgage?—Well, it was a mortgage. The overdraft was secured on the place by mortgage.

238. Then in 1889 how much did you owe the bank—when they gave you notice that they had sold by the Registrar?—About £60,000.

239. That was all secured by mortgage?—Yes; that was secured by overdraft.

240. The £60,000 was the total amount of your debts to the bank?—That was a sort of fixed amount. There was a certain amount of floating expenses—about £10,000.

241. It might be £70,000 you owed the bank?—Yes.

242. Between 1884 and 1888 your indebtedness to the bank increased about £16,000?—Yes.

243. In 1888 it was about £70,000?—Yes.

244. That was an increase of £26,000 in practically four years?—Yes. But it must be remembered that they were doing this themselves. I was only there as manager while the mortgagees were in possession. From the 24th June, 1884, they never gave up the possession, and anything spent there was done by them.

245. That was the state of your finances?—It is quite possible that the overdraft at the moment would be something like £70,000, to be partly retired annually by the credits which you have seen in my papers.

246. Do you not think the fact of the overdraft increasing to that amount in four years was sufficient to cause alarm to the bank?—The bank ought to have known what there was in it; it was a large property. The clip had fetched a first prize at an exhibition.

247. How do you account for this large increase in the overdraft?—By spending it on improvements and by buying stock. Sowing grass at the rate of 6,000 or 7,000 acres a year the cost is, of course, large.

248. From 1884 practically the bank had possession all that time?—Yes, they were absolutely in possession.

249. And all that time you might have been turned out at any time?—If they chose to have broken their undertaking, they could have turned me out.

250. When they did turn you out you were liable to it since 1884. When Mr. Balfour told you at Dannevirke that he was going to “fire the shot,” you were always liable to it?—Yes; I knew, if they chose to break their agreement. I had no written agreement.

251. *Mr. Hall.*] From 1884 to 1889, when they foreclosed, were the improvements put upon the estate by your own free will or by the wish of the bank?—The improvements when I was in charge myself—you will observe that there was an interval of two years or two years and a half when I was not in charge, and when improvements were made without my having control of them. The bank seemed to be spending a lot of money unprofitably so that I could not pay them after.

252. You said there was £44,000 due in 1884. In 1889, when the bank foreclosed, you owed £60,000. The extra £5,000 was the amount they paid for the equity of redemption. What was the difference owing between 1884 and 1889?—The difference between £44,000 and £60,000; that would be £16,000.

253. During the time you were managing and the time you were out of it—from 1884 to 1889—there were £16,000 extra spent?—Yes.

254. At whose instigation?—Well, for two years and a half after 1884 it was done entirely by the bank, without my being consulted by their manager.

255. How much of that £16,000 did they spend while you were out?—I could not tell you from memory now. I should say the account had gone up, but I am not speaking with accuracy. However, it had gone up some £5,000 or £6,000, and very little was done. There was nothing done but fencing.

256. During the time that the bank had control of it they increased your overdraft by that amount?—And practically there was nothing to show for it except a bit of fencing.

257. Now, when they put you out of it did they state a reason?—No, none whatever.

258. Up to 1884 had you always paid your interest regularly?—Well, the interest account: I have the authority of the manager for saying that it had always paid interest. At the same time, it was a difficult account to follow, and in this way it was an account that was bound to be increased. The idea was to improve the place as quickly as possible up to a certain carrying-capacity, and then to reduce the debt by sinking fund by the surplus. Then, as a matter of fact, I know when interest had been charged at the rate of 6 per cent., one year, afterwards the account was charged another £1,200 or £1,500. With regard to these debts for grass-seed, &c.: About four years ago I had nothing to do but accept a release. They were hanging over me all the time, and so was this liability to the bank. Until four years ago I was still liable for £60,000; and in conversation with Mr. Todd, Chairman of the Assets Realisation Board, whom I had approached in the matter of resumption, he said, “If I were you, before attempting to do any more with us, I would file and get rid of this debt to the Bank of New Zealand.”

259. *Mr. A. L. D. Fraser.*] That was not the bank's advice. It was Mr. Todd's private opinion?—It was Mr. Todd who said, “I wonder you can stand having this liability hanging over you.”

260. *Mr. O'Meara.*] Where did you consult him, in his own office?—In the Assets Board's office. We are very friendly, and after that I went straight up and filed and made a statement which I handed to the Assignee. I put in “Liability to the Bank of New Zealand, £60,000,” and then those grass-seed bills. The bank seemed to get to know about it before the paper got out, and it appeared in this way, “Liability to the Bank of New Zealand, £60,000”; and after that came—“We are requested by the Bank of New Zealand to say that they are not a creditor in this estate at all—that the liability went with the property to the Assets Realisation Board.”