

*Witness:* —to verify the statement I have made. The information was given to me in Otira. The plans of this application were practically laid, as far as I could understand, in 1908, for the reason that it was disclosed to me in November, 1908—on the 17th day of November, 1908.

5. *Mr. Seddon.*] What disclosure?—That this application would be made; and the fact of the application being now before Parliament is proof to a certain extent that the circumstantial evidence that was given to me at the time was running in the right direction. Before I used it I had it verified by a person occupying a position. In asking this gentleman with regard to the progress made at the Otira Tunnel, I said that it would be a very good thing for the contractor if the contractor could arrange to drive the tunnel from the Otira side; it would mean a considerable saving if he could abandon the Bealey end; he would have his own time, I said, to drive it, and probably would be able to get an additional amount on top of the £600,000. This gentleman asked me, "Have you been in conversation with Mr. McLean?" I said, "No, I had not"; but I had received—as I said before—an outline of the future programme of the contractor. Hence my moving in the matter, or, as I said before, writing to the secretary of the Trades and Labour Council with a request to oppose any alteration in the contract, and speaking to Sir Arthur Guinness and Mr. Graham. In proof of that I produce this paper [newspaper produced]. I could not get the whole of the papers touching upon this arbitration case.

6. *The Chairman.*] You produce the *Greymouth Evening Star* of the 20th November, 1908?—I have the *Star* of the 18th November in addition, but that of the 19th, unfortunately, I have lost.

7. You desire to refer the Committee to the *Greymouth Evening Star* of the 18th and 19th November, 1908?—Yes. I will read you from the *Star* of the 20th November one little paragraph in the report of the Arbitration Court proceedings, showing that I touched practically upon the present application. Mr. McLean in his evidence says, "The idea that he expected to make £100,000 through abandoning the contract was preposterous."

8. You have another paper?—I have the *Star* of the 18th, but not with me.

9. What do you draw attention to in the paper of the 18th?—Nothing; but you may be able to find something there bearing on this case.

10. You do not point to anything particular?—I have not looked over it. I knew that this paragraph here was in the paper, for the reason that I had referred to the contractor's future programme or plans sketched out in 1908. I think the real question was, "Did he not expect to make eventually £100,000 through the breaking of the contract?" I think those are the exact words put to Mr. McLean by myself in the Arbitration Court in Greymouth.

11. Have you anything further to say?—Nothing, except that I should like the letter that I wrote to the secretary of the Trades and Labour Council produced; and I should also like, if it is possible, to get Mr. Graham to verify what I have stated.

12. *Mr. McLean.*] Will you give your exact reasons for making such a statement?—

13. *The Chairman.*] At that time?—In 1909, when seeking information for the Arbitration Court, Mr. McLean's underground manager disclosed to me—

14. *Mr. McLean.*] What was his name?—Mr. H. Baghurst—disclosed to me a conversation that had taken place between Mr. McLean and himself.

15. *Hon. Mr. R. McKenzie.*] Where is he now?—I could not tell you. In all probability he would be on the Coast. If I had been asked at the time to suggest any witnesses I certainly might have been able to trace him. You will see his name in print as giving evidence at the time in the Arbitration Court. He was underground manager for Mr. McLean. He stated that they were constantly exchanging opinions, he and Mr. McLean, and when I was soliciting information on this particular occasion he brought this matter under my notice. He said that Mr. McLean had unfolded to him his future programme—that if he (Mr. McLean) encountered the same quantity of water at the Bealey side, necessitating expensive pumping machinery, and so forth, it would be grounds for making application for the cancellation of the original contract, with the right to drive from the Otira side only. That was Mr. H. Baghurst's own statement to me.

16. *Mr. McLean.*] Then all this statement that you make is merely hearsay?—I told the Committee before that it was circumstantial evidence.

17. You have no real solid facts to ground your statement on?—I have the fact before Parliament now—that you have made the application projected then.

18. I am going back to the time. I want to know whether you have any solid facts to warrant you in making that statement at the time?—I had the facts, as I said before, from your manager—the confidential plan disclosed by you to him, which I made reference to in the Arbitration Court, and you did not pull me up standing when I asked you the question; you said, "Preposterous." As I told you, I had the circumstantial evidence, which I did not use to any great extent in the Arbitration Court, and I was perfectly satisfied, for the reason that it was practically confirmed by another person occupying a high position, whose name I am not going to disclose, unless you gentlemen put me on oath and allow me to cross-examine Mr. McLean.

*Mr. McLean:* Mr. Chairman, there is some kind of reflection—if you do not mind my making a statement—evidently cast on me personally and on the firm generally, and it is absolutely necessary, I think, that this matter should be cleared up. If this is going to have a bearing on the case I would suggest that Mr. Baghurst be called and all the evidence that Mr. Malloy can bring forward, and I should like the evidence then taken on oath.

*Hon. Mr. R. McKenzie:* Mr. Malloy prefers to have his evidence taken on oath, and Mr. McLean asks for it, and I think it should be allowed.

*Mr. McLean:* I have no objection.

*The Chairman:* There is no objection.

*Mr. McLean:* I will ask Mr. Malloy, then, for any further information that he has had besides this from Mr. Baghurst.