

with the Government except by the letter which has been put in evidence, and what took place between Mr. J. E. Macdonald. Major Atkinson and myself. I never spoke to any other member of the Government on the subject except Sir Julius Vogel.

21st Aug., 1877.

29. *Mr. Montgomery.*] I wish to know, Mr. Macdonald, whether you made any application to Mr. Whitaker before you had that interview with Major Atkinson?—I had.

30. What was the nature of it?—We went down this paper—a minute for the Hon. the Premier, from Mr. Rowe, M.H.R.—and when we came to the second item he said, “That is a money matter, you must see Major Atkinson about that.” I stated that in my speech at the Thames.

31. Will you repeat what took place between you and Mr. Whitaker after you had seen the Premier?—I was going away, and Mr. Whitaker came out to say good-bye to me. He shook hands, and asked me how I had got on; and I answered that I had got on well enough to get back or clear out. That was the effect of the words. I was going away when he turned round and asked me if I would take a small parcel to Mrs. Whitaker. I said I would, and he was going away again, when he stopped and said to me, “You had better not say anything about that, or you will have a lot of people wanting the same thing.” He then turned away again, but afterwards turned round and said, “Do not let Brodie be telegraphing about this.”

32. Did he go out to say this?—You cannot call it following me, because he only half turned round. At the meeting I made Mr. Whitaker say that if I said anything, 50 people would be wanting the same thing, and the end of it would be that we should not get a shilling; but what he did say, as nearly as I can remember, was, that 50 people would be wanting the same thing, and the end of it might be that we should not get a shilling.

33. Did you understand that other people would be finding it out and wanting it too?—Yes.

34. I wish to know what amount of rates are levied during the year in the township in which that overdraft occurred?—I think the proceeds from the rates were over £2,000.

35. You incurred £6,200 of liabilities expended on roads?—That has been gradually accruing since the Borough was formed. The overdraft has been accumulating ever since the Borough was formed. The net rates at my time were £1,900 odd I think, but they were more in earlier years.

36. How long has the overdraft been accruing?—Ever since the Borough was formed. I have been Mayor for two years. Davies was Mayor for two whole years and part of another. In the earlier years the rates were more, but they grew less every year. The net proceeds, speaking from memory, were something like £1,900 last year.

37. How much was that in the £?—One shilling (1s.)

38. And these roads you speak of, where were they in the district?—The line of traffic is between the wharf and the batteries and between the different mines and the batteries. Other roads were not included of course, because they were only supposed to be for general traffic. The figures on the estimates, some £8,000, represent the expenditure on these roads.

39. Has not the Thames Borough been treated exceptionally in this matter on more than one occasion?—It always has been treated exceptionally, inasmuch as everything has been taken out from it and nothing brought in.

40. I mean as regards Bank overdrafts?—We never had but one that I know of.

41. Never before?—I cannot say it had. A sum of £500 was received from the Superintendent of Auckland, but that had nothing to do with the Bank.

42. I believe there was a good deal of distress at the Thames about that time?—Yes. The £500 was given on condition that it should be spent on repairing the roads, and it was to be laid out in breaking stone for that purpose. It was, in a manner of speaking, killing two birds with one stone—the roads were repaired, while at the same time the distress of the poor was relieved, employment being found for them.

43. Was application made to the Superintendent for assistance?—Yes. That grant was in answer to an application.

44. And it gave relief to the district in that way?—Yes.

45. Do you know how the Superintendent got the money for this purpose?—I do not know. All I know is, that when I met him he said he had instructed Mr. McLaren to pay it over.

46. Do not you know that an arrangement was made with the General Government that £4,000 should be placed in his hands for the relief of the distressed, and that you got part of that amount?—No.

47. *Mr. Rees.*] I believe, Mr. Macdonald, you are solicitor for the Bank of New Zealand. Supposing the Bank had sued the Corporation for this money, would you have acted for the Bank?—I should have to choose the side that paid me best; that is what I have had to do before to-day.

48. You say that the Bank was sure of its money?—Yes.

49. How?—By taking the rates, in which way they could have been pretty well paid by this time.

50. Take the rates for payment of the overdraft?—Yes, and the town would have to go without.

51. Mr. Whitaker is solicitor for the Bank of New Zealand, is he not?—All my communications have been with Mr. Buddle.

52. Do you know if Mr. Thomas Russell has any connection with the Bank of New Zealand?—I do not know.

53. Do you know whether he is a director?—I do not know. I know that he was a director.

54. Do you know if Mr. Buddle had anything to do with the Bank of New Zealand?—I do not know really.

55. Supposing the Bank had taken action at law to recover its money, it would have to levy rates, and leave the town nothing?—Yes; but I may mention that we have had more this year, having had the publicans' license fees and goldfields revenue. The debt would have been about paid by this time.

56. By-the-bye, you stated that you did not recognise Major Atkinson. Have you seen Mr. Whitaker since you have been down here?—Yes, I went straight to him. I was under the impression that it was he who sent for me in this matter.