

percent. accrued interest, or ninety-three ex interest, as issued by Government. Also (see clause 7 of agreement), in respect of additional interest therein referred to, if this paid in four-per-cent. debentures, am further instructed to offer you such debentures at ninety-three net. If possible to reply before "Aorangi" sails at five to-day address to steamer; if not, reply to telegraph office, Lyttelton, to await steamer's arrival there.—W. J. STEWARD.

*Memorandum.*—Mine to Mr. Campbell, dated Christchurch, 23rd, re payment of price of first £50,000 as per above, was written in Vogel's presence at Christchurch, and approved by him.—W. J. S.

FRIDAY, 18TH JUNE, 1886.

Mr. T. PEACOCK, M.H.R., examined.

141. *The Chairman.*] You are one of the directors of the Rotorua Railway Company?—Yes.

142. It is said that you are able to give certain information regarding the sale of the Rotorua Railway debentures to the Government through the agency of Mr. Steward. Perhaps you will favour the Committee with any information you have on the subject?—I do not possess any information that is not contained in the correspondence you have here. There is no other negotiation between the parties than what appears here in the telegrams.

143. You are aware Mr. Steward was in Auckland some time before this negotiation took place?—Yes.

144. You knew nothing of Mr. Steward's negotiations before the telegram?—Nothing whatever.

145. Then you have nothing whatever to say?—Nothing whatever. In fact, none of the directors could give any information other than what appears here. The whole information is embodied in the telegrams.

146. *Mr. Garrick.*] Are you aware what induced Mr. Steward to communicate with the directors?—The directors are unaware of any reason; they only know the fact that he did communicate.

147. *Mr. Barron.*] Had you any idea that if the District Railways Bill passed those debentures would probably find a market in some Government department?—No; it was not considered, as far as I am aware. The question of their being floated on the London market had been talked of, but there was no definite idea of the Government purchasing.

148. It never occurred to you?—I would not say that; but their attention was not directed towards that at this particular time.

149. That had been thought of as one of many other means of disposing of the debentures, I suppose?—Well, I should be inclined to say that it might, but I fancy the attention of the directors was more turned towards getting rid of them in London. It was hoped that some of the large institutions in London might take them up and hold for two years, when the interest would be payable in London.

150. When the idea of selling them in Wellington was presented by Mr. Steward it was almost an original idea?—I cannot say that.

151. It would not have occurred to the directors to employ Mr. Steward unless he had approached them?—Certainly not; the directors did not know him at all.

152. Do you think that the fact that Mr. Steward was a member of the House weighed with the directors in giving him the agency?—I do not think so. There was this knowledge, that he was interested in the Waimate Railway; and it states in the first telegram that he had been making arrangements with regard to the debentures of that line; and, knowing he was in Wellington for that purpose, the directors naturally enough were prepared to open negotiations with him as with any one else.

153. *Mr. Garrick.*] I wish to ask whether, having regard to the commission payable by the directors, it did not strike them to negotiate direct and save it?—That is a very pertinent question. The directors naturally felt that, having received an offer from a gentleman on the spot in Wellington, who had been engaged evidently in a similar business with regard to another railway, that they would scarcely be justified at that stage in going past Mr. Steward, on the chance that the purchaser was the Government, and that they might be able to save the commission.

154. Do I understand you to mean that, inasmuch as it was possible the Government might be the purchaser, the directors did not feel, under the circumstances, they ought to go past Mr. Steward?—Yes. There is a feeling, speaking generally, that if any one offers a property or any stock for sale, the party to whom it is offered might not feel warranted in making inquiry as to the principal of the agent with a view to preventing him from acting as agent or getting the commission.

155. Did you consider that that rule ought to apply in such a case as the Rotorua Railway Company, where so large a commission was at stake?—Are you speaking with regard to myself, or the Board?

156. Both?—Well, the Board, in the absence of knowledge as to the principal, might have been free to act independently in communicating with the Government; but they thought it best to act in the way they did.

157. Personally, do you think it would apply?—I would not be prepared to say it would.

158. Do I understand you, then, to mean that, taking all the circumstances into consideration, the Board felt bound—to use your own language—to approach the matter of the sale through Mr. Steward?—I would not care to say that; but by their action it is evident they thought it better to do so.

159. I understand from you that you would not like to speak for the whole of the Board, but that you think they felt bound to act through Mr. Steward?—I would not say "bound." My individual opinion is, that they were not, but they thought it was advisable to do so.

160. *Mr. McMillan.*] Did Mr. Steward send you a telegram at the time that he wired to the agents of the company—did he send you a private telegram?—Yes, he did.

161. What was the nature of that telegram?—That he had sent an important telegram to the secretary of the company requiring an early answer, or something to that effect.