1902.
NEW ZEALAND.

THE HAMILTON CLAIMS COMMITTEE

(REPORT OF), TOGETHER WITH THE MINUTES OF EVIDENCE AND APPENDIX.

(MR. R. McKENZIE, CHAIRMAN.)

Report brought up 1st October, 1902, and ordered to be printed.

ORDERS OF REFERENCE.

Extracts from the Journals of the House of Representatives.

WEDNESDAY, THE 10TH DAY OF SEPTEMBER, 1902.

Ordered, "That a Select Committee be appointed to investigate the claims of Captain Hamilton against the Bank of New Zealand and the State, the Committee to consist of Mr. A. L. D. Fraser, Mr. Hall, Mr. Herries, Mr. Hornsby, Mr. Massey, Mr. R. McKenzie, Mr. Pirani, Hon. Sir J. G. Ward, and the mover; four to be a quorum: the Committee to have power to call for persons and papers."—(Mr. O'MEARA.)

WEDNESDAY, THE 10TH DAY OF SEPTEMBER, 1902.

Ordered, "That the petition of John Drummond and others (No. 431) be referred to the Hamilton Claims Committee."—(Mr. O'MEARA.)

REPORT.

I AM directed to report that, the petitions having been presented very late in the session, the time at the disposal of the Committee was entirely inadequate to take evidence and consider the important matters involved in the petitions, but that, after hearing the evidence of Mr. W. G. Foster, who appeared on behalf of the Bank of New Zealand and the Assets Realisation Board, and of Captain G. D. Hamilton, on whose behalf the petitions were presented, and also after examining some documentary evidence, the Committee is of opinion that there is a reasonable case for investigation, and consequently recommends that the allegations contained in the petitions should be fully investigated next session.

1st October, 1902. R. McKENZIE, Chairman.

PETITIONS.

PETITION No. 391.

To the Hon. the Speaker and Members of the House of Representatives in Parliament assembled.

THIS the humble Petition of the inhabitants of Dannevirke and surrounding districts showeth that:—

1. In the year 1889 Captain G. D. Hamilton, the then owner of the Mangatoro Estate, owed the Bank of New Zealand the sum of £60,000, secured by mortgage over the estate, which was valued by the bank at £180,000, a valuation which has since been increased.

2. In the same year the bank called up the advance, and on default being made put the property up to auction, after very short notice of sale, with the condition, *inter alia,* that the purchaser should pay cash within one month. The result of these proceedings was that no purchaser could be found on these terms, and the bank bought in for £5,000.

3. The bank, having thus become the owner of a property valued at £180,000, to satisfy a claim of £60,000, declined to release Captain Hamilton from his liability.

4. After holding the property for a few years (during which time the bank expended nothing on the estate beyond the income derived therefrom) the bank sold to the New Zealand Government a little more than one-half of the area of the same, without the stock, for the sum of £90,000 or thereabouts, which amounts to about £30,000 more than Captain Hamilton owed the bank at the time when the property was sold.

5. According to the bank's own valuation, viz., £180,000, which has been supported by the sale to the Government of half the estate for about £90,000, the property was at the time of sale worth £120,000 over and above Captain Hamilton's indebtedness to the bank, thus: valuation, £180,000; indebtedness, £60,000: balance, £120,000.

6. Captain Hamilton has received nothing on account of this balance; but, on the other hand, was left with heavy liabilities for the improvements, which chiefly made the value of the property.

7. Captain Hamilton has been a settler in this district and the holder of the Mangatoro Estate since about 1857, and was for many years the first settler, and, besides spending large sums in employing labour in the district, was the means, at his own time and expense, of placing in the hands of the Government the country from Takapau to the Manawatu Gorge, now thickly settled.

8. As the Government has now acquired much of the Mangatoro Estate for close settlement, we respectfully trust that the Government will investigate the manner in which the estate was acquired by the bank, and will give Captain Hamilton such compensation as justice demands.

Your petitioners will ever pray.

HOERA RANGI,
and 33 others.

PETITION NO. 431.

To the Hon. the Speaker and Members of the House of Representatives in Parliament assembled.

THIS the humble Petition of the inhabitants of Dannevirke and surrounding districts showeth that:—

1. In the year 1889 Captain G. D. Hamilton, the then owner of the Mangatoro Estate, owed the Bank of New Zealand the sum of £60,000, secured by mortgage over the estate, which was valued by the bank at £180,000, a valuation which has since been increased.

2. In the same year the bank called up the advance, and on default being made put the property up to auction, after very short notice of sale, with the condition, *inter alia*, that the purchaser should pay cash within one month. The result of these proceedings was that no purchaser could be found on these terms, and the bank bought in for £5,000.

3. The bank, having thus become the owner of a property valued at £180,000, to satisfy a claim of £60,000, declined to release Captain Hamilton from his liability.

4. After holding the property for a few years (during which time the bank expended nothing on the estate beyond the income derived therefrom) the bank, or Assets Realisation Board, sold to the New Zealand Government a little more than one-half of the area of the same, without the stock, for the sum of £90,000 or thereabouts, which amounts to about £30,000 more than Captain Hamilton owed the bank at the time when the property was sold.

5. According to the bank's own valuation, viz., £180,000, which has been supported by the sale to the Government of half the estate for about £90,000, the property was at the time of sale worth £120,000 over and above Captain Hamilton's indebtedness to the bank, thus: valuation, £180,000; indebtedness, £60,000: balance, £120,000.

6. Captain Hamilton has received nothing on account of this balance; but, on the other hand, was left with heavy liabilities for the improvements, which chiefly made the value of the property.

7. Captain Hamilton has been a settler in this district and the holder of the Mangatoro Estate since about 1857, and was for many years the first settler, and, besides spending large sums in employing labour in the district, was the means, at his own time and expense, of placing in the hands of the Government the country from Takapau to the Manawatu Gorge, now thickly settled.

8. As the Government has now acquired much of the Mangatoro Estate for close settlement, we respectfully trust that the Government will investigate the manner in which the estate was acquired by the bank, and will give Captain Hamilton such compensation as justice demands.

Your petitioners will ever pray.

JOHN DRUMMOND,
and 365 others.

MINUTES OF EVIDENCE.

TUESDAY, 23RD SEPTEMBER, 1902.

Captain G. D. HAMILTON examined. (No. 1.)

1. *The Chairman.*] As Captain Hamilton is present I presume the Committee would like him to make a statement. Will you give us your full name, Captain Hamilton?—George Douglas Hamilton.

2. Will you proceed with your statement, then?—Yes. Of course I have only got the heads here. I began in 1857–60. No record of country on Government maps. Roadless, trackless, and surrounded by dense bush on all sides; rivers. I was warned by the Government that I must look for no protection from the Government either from loss of life or destruction of property; that the district was entirely Native, and that any protective action would bring on war—would mean war. I only mention that, Mr. Chairman, because it shows that the money I had invested in it was an investment that ordinary people would not have taken for their money. There was no natural grazing-land. It was entirely scrub and fern, toe-toe, and bush. The first sheep taken there were nine hundred, and they produced ten bales of wool, worth £100. The only outlet was down the

river by canoe or up the river by canoe—the Manawatu River. Wild dogs were there in packs, and destroyed the sheep as quickly as they were bred or got there. For about twenty years I had no advance from banks—for more than twenty years; and I took the country up for what it could be developed to in the future, and not for what it was worth commercially at the time. It was worthless commercially. At the end of about twenty years I was advised by the bank to develop the property more rapidly.

3. That is the Bank of New Zealand?—Yes. The date was about 1880. — and to build up a strong interest-paying account as quickly as possible. This was to replace a loan from private friends, at 5 per cent., who wanted to arrange division of capital among themselves. That is to say I had it from the private friends at 5 per cent. At that time interests on bank overdrafts were about 6 per cent., temporarily, perhaps, owing to competition of Australian banks. Then a bank ring was formed by which they all agreed to charge a similar rate of interest. Among other banks that offered to take the account was the Bank of New South Wales. The Bank of New Zealand persuaded me not to take their offer, but to remain with them. After a short interval, to make the account more satisfactory, the Bank of New Zealand manager stated that he had obtained a loan of £40,000 for seven years, and repeated the wish that I should not leave them, but that I should remain with them and work the account on this seven-years advance. This was money outside of the bank money. It was privately-owned money. Well, just mark this: The manager of the Bank of New Zealand came to the door of the shop I was at ——

4. What was his name?—It was Mr. Balfour, in Napier. I was on very good terms with him, and we were good friends. Well, he said, "I have got the money for you. It is all right. You must not think of leaving us; but now that I have got you the money come along and give the Loan and Mercantile a letter to give your wool and ordinary business to them for seven years. And then I know you want to get up-country and you can go in peace." The Loan and Mercantile got the letter giving them the wool business and the general business for seven years. Then it turned out that this was Mr. Joseph Rhodes's money, and that, Mr. Joseph Rhodes having had a disagreement with the Bank of New Zealand, and sold his shares and withdrawn his account, when he found that this £40,000 was to go to make business for the Bank of New Zealand, he stopped it. Then the manager of the Bank of New South Wales came to me again and said, "I know what they are trying to do with Rhodes's money, but you need not think that I am going to allow money and deposits—my customers' money—to be used to make business for the Bank of New Zealand. If you like to come to me I have got the money on deposit in my bank across the street. I have a power of attorney to deal with it, and you can have it to-morrow if you like; but if you do not I shall take every possible care that it does not go to the Bank of New Zealand as arranged." Well, I consulted the Bank of New Zealand again about this, and they said, "You must not leave us; it is all right, and we will see that it is right." This was the manager, Mr. Balfour. He said, "It will be just the same as if you had taken and got the £40,000 for seven years. You shall have it at the lowest rates, and every facility that can be given you will be given, and I will bring the Inspector to you, who, you will find, will assure you of the same thing." It was a couple of days afterwards, perhaps, when he brought Mr. Andrews, the Inspector, to me in the street. I knew him in a friendly way, and he assured me of what Mr. Balfour had told me, and he recapitulated what he had told me — that I should have no inconvenience, that it should be just the same as if I had had the thing for seven years with them and they had got it for me. He said that it should be at the lowest rate of interest, and that whoever suffered inconvenience it should never reach me. About this time there were only eight years of the lease unexpired — about 1880 or 1882. Then the bank said, "It would be advantageous if you could get a short renewal of your lease," which they knew, as I had a good deal of influence with the Natives, that there was every probability of my getting it if I wanted it. They said, "If you can get five years or ten years, or if you are particularly lucky you may get fifteen years; that will give time to get the money back—in fact, to pay it off by instalments, by sinking fund." I then got a renewal of lease for forty years, making forty-eight years, with full improvement clause, and one-tenth freehold. I may explain here the reason the freehold came so early was that Mr. Sheehan, who was trustee for Karaitiana Takamoana, would not sign the lease. He said he would sell the freehold, but he would not sign the lease; and I had to buy the freehold, which cost £3,000.

5. That is one share?—Yes, one-tenth.

6. *Mr. A. L. D. Fraser.*] It was one unascertained share?—The rent was £400 a year. Now, this renewal of lease for forty years was granted by the Natives absolutely on condition that I should not sell it—that it was to be a lease for myself and my heirs. It was not to be parted with. On that condition they gave it, and to that condition I subscribed. The condition of not selling was imparted to and agreed to by the bank, and inserted in a will made at the time by myself as guide to family to observe. I may mention that there was not the slightest intention of selling in any case, without this condition. The lease was not quite completed when this took place. The capital value of the Natives' interests in the 30,750 acres was about £30,000 at that time, the current price in the neighbourhood of land bought from Natives by private individuals.

7. *The Chairman.*] What was the value to the Natives?—The capital value of the Natives' interests was £30,000 current price. I paid Karaitiana that for his interest on that assumption. The conditions were much better than freehold to make money. It was better than freehold to make money and get back the advance out of income, as the lease was almost a gift. It was actually a gift by the goodwill of the Natives. As a matter of fact I put it to them at the time. I said, "Now, I have been here with you for a long time, but if I am to go on with this I must have a better hold and a longer term of years. I cannot get the money to spend on the place to make it productive in so short a time (eight years). If you will give a sufficient time I will remain here. If you do not care to do that I must wind the thing up." I said, "If you will come

back when you have considered this and tell me what you will do, then we will know what we are going to do about the matter." They came back the next day, and said they would give me forty years, and at £400 a year. The rent on capital value, calculated at 8 per cent. (nearly the minimum rate charged me), would be about £2,400, there being thus a gift from the Natives of £2,000 a year. This addition of forty years was then placed in the hands of the bank, trusting to good faith in carrying out the undertaking. The Natives were then told that I was their adviser. They were told by myself. Therefore I should not ask them to sell to me, but that if they wished to sell not to do so to others, as I would buy. Three accounts were then kept at the bank—the Station Account, the Native-title Account, and the Private Account—with an understanding that the accounts should go up to £45,000. It is, however, obvious that this would be affected by the rate of interest as regards the amount available for purposes of improvement. Things had been going on with great vigour. Large areas, ranging from 6,000 to 7,000 acres, had been sown with grass annually, the seed having been obtained, chiefly when there was a glut in the market, at an average of about 2s. 6d. per bushel, and chiefly on long-date bills renewable to convenience. Then, without notice or anything to lead up to it, a letter was delivered to me in the street by a bank clerk at about 5 o'clock in the afternoon. It was delivered to me about 5 or 6 o'clock, and was delivered by hand. This was a demand to pay off the overdraft—about £44,000 —by or before 2 o'clock the next day.

8. What year was this?—This was about the 24th June, 1884. That is as near the time as I can state from memory. I have taken no trouble to look up anything for this. The money not being forthcoming possession was taken as mortgagees.

9. What was the date of taking possession?—Oh, straight off, the next day. Well, the money not being forthcoming possession was taken as mortgagees, and I was advised by the bank to fall in with the arrangement. Well, I was told by the man who took possession that he had had no notice at all except that very day to come and take possession. The bank may have expressed a wish that the account then should go no higher, but it is obvious that if the quantity of fencing that had been put up did not enclose grass, and that if the grass-seed was allowed to lie in the shed unsown, only one thing could result—that there would be no grass to keep stock to make income, and that the property would go to the bank for default of interest. After a time, perhaps two years and a half, during which time the overdraft had been increased and the improvement practically stopped, I resumed the management, drawing for private use a sum equivalent to the salary of the manager who acted between the bank and self, out of which I paid expenses of Native transactions and travelling. I might mention, perhaps, incidentally that during this time both myself and my family were living on the place as usual, and had been doing so continually from the time the bank took possession. Well, in the meanwhile the grass-seed which had been acquired on such favourable terms remained unpaid-for, and is still unpaid-for, also the survey and maps to the extent of £5,000, and I was obliged to sell all my remaining private property to reduce the amount, the creditors giving no trouble and every facility. (See agreement, Exhibit A.)

10. What does the agreement relate to?—The grass-seed that has never been paid for.

11. You can put that in afterwards, Captain Hamilton?—All right, sir. Well, all this time I was assured by the bank and inspectors that it would come all right, &c., and the remaining title for which the bank kept pressing was secured (in the absence of the bank-manager) on long-date bills for twelve or eighteen months renewable till convenient. These were paid at maturity against my wish, as increasing the account without increasing the income to make interest.

12. *Mr. Hall.*] What remaining title?—To the completion of the lease. There were three Natives' interests not acquired at the first transaction. The first transaction was completed by my taking the Natives down to the Commissioner's office in Napier, and their signing before him, six of them at once, and Karaitiana made seven, which left three interests unacquired. The remaining title, for which the bank kept pressing, was secured, in the absence of the bank-manager, on long-date bills for twelve or eighteen months, renewable till convenient. I may explain here that, the manager being away and I having been constantly pressed to get these others' signatures, in his absence I gave bills for the amount, and left it to him when he returned to cancel it; if he thought the amount was too much he had nothing to do but to dishonour the bills, and the thing was off as far as that went. These bills were paid at maturity against my wish, as increasing the account without increasing the income to make interest. They were heavy bills, some £6,000. The bank now began to press me more to get the money to pay off the account, which, except for the assurances I had received, I should never have allowed to amount to a third of the sum on a security so good but difficult to raise a loan on, particularly as the business was tied to the Loan and Mercantile Company for seven years. You will understand, of course, that where a loan has been as much as that, and you wanted to shift it, even if it had been a freehold, there would have been some difficulty in picking it up at once, but on a leasehold technically there was no security for money. That was where the difficulty was. I went up to Auckland to see the Board, and Mr. Murdoch, the managing director, made this offer: "If you can find a half of the money, about £28,000, we will let it go on first mortgage, and we will take second mortgage for the balance." This offer was also made to Mr. Aitken Connell, to whom I offered a commission to effect it. The Northern Investment Company then offered £40,000 (£12,000 more than I had been asked to get) on first mortgage at 6½ per cent, the bank then probably charging the account at least 8 per cent. After an interval of three weeks had passed without reply, the manager of the company asked me if he had not better wire, as the money was lying idle. He did do so, and the reply came, "Declined." This reply came to the manager of the Northern Investment Company, and not to me. Till then the offer had not been withdrawn or declined. I may mention incidentally that other persons had offered to come in with such sums as £30,000 during the interval that this was being arranged with the bank for the loan. During the time with Mr. Murdoch and the bank, or the interval between that and my getting the money, which was not long, other persons

had offered to come into the thing as partners. One man from Australia, brought up by Mr. Fulton, of Napier, proposed to put in £30,000 and come in as a half-partner. Owing to this arrangement with the bank I did not do anything about that. I did not want a partner, and, of course, the thing fell between the two stools. After this being declined everything was to go on happily from now, &c., again. Within twelve months of the offer made by Mr. Murdoch and then declined, on an urgent telegram I was asked by the manager to meet him at Dannevirke. I was then in the middle of shearing. This was to tell me he wanted all the money at once—cash. As the stock and wool credits for the season were not in, the amount would probably be about £70,000. Of course, the station's twelve months' working-expenses was wiped out periodically by the payments for wool and stock sold. Shearing was not finished. On my pointing out the futility of this demand from previous experience in a time of depression, he asked me if I would help them to sell. I reminded him of the non-selling condition on which the lease had been obtained, when he said, "If you won't help us to sell, we must sell through the Registrar," which they did, and bought in for £5,000. I may say that, even if I had been ready to sell, the idea of his getting cash, for that was what was wanted at that moment, was just about as absurd a proposal as the proverbial saying of getting a piece of the moon.

13. *The Chairman.*] Would you mind giving us the date?—I will give you the date in the papers which I will put in to the Committee. Well, I was now asked to resume the management when everything would end happily once more. That is to say, the manager came up to Auckland where I was. I had been asked by the president of the bank and other directors, or rather it was suggested to me, that if I would stop up there nobody could say that I had prejudiced the sale of the property. Their conviction was that if it had not been advertised they would have had it withdrawn. He (the president of the bank) put in a pencil memorandum to say that he disagreed with the board altogether, and that was given to Mr. Butt, who was then an inspector of the bank —that memorandum was afterwards given by myself to Mr. Butt. I was then asked by the manager from Napier, Mr. Balfour, to see Mr. Tolhurst at once if I would. Mr. Tolhurst, who is now in the Union Bank, was then up in the bank at Auckland. I replied that I had just got letters from Dr. Campbell, the president of the bank, to his private correspondents in Australia, who, he said, he had every expectation and hope of providing the money to pay off the bank. Mr. Balfour said, "Oh, never mind that, you can write instead of going; come down at once and take charge of the place. If you see Mr. Tolhurst"—there was only twenty minutes altogether before the steamer sailed—"you will find that you will get anything that you choose to ask for." And what I asked for was again the same rate of pay that the temporary manager had received while this process of advertising for three months and selling the place was going on. Of course, I looked upon it as my own place still, and had no object in drawing any more than the necessary charges, because it was drawing it out of my own pocket. I received a cash allowance to cover everything: living, travelling-expenses, Native Court business, and I received a cash allowance for the men's rations. For some six or seven years—I will not be particular about six or seven years, but it is somewhere about that time or thereabouts—I had an accountant from the bank resident on the place who kept all the accounts, just exactly as if the station had been a branch bank. They were sent in monthly, and the pass-book was sent in monthly, and the whole of the accounts were kept on a bank form in order to make the thing businesslike. That accountant is now manager of the property, I think. I found, however, that the account was now charged about 10 per cent. Of course, it having been bought in by the bank, it was legally and technically their property, but still the account was kept in exactly the same way as if I was working it myself —I mean in the pass-books, the charges of interest, and all that. I should think, if I had remonstrated, probably they would have said "We can do what we like with our own." I found, however, that the account was now charged about 10 per cent., which, of course, did not allow of the full margin over working-expenses that the current rate of 6 or 6½ per cent. would have done. There was, however, a substantial margin. Of course, under the circumstances, the account, instead of being reduced as much as it would have been if charged 6 or 6½ per cent., was in the position that there was only the margin of reduction between the 10 per cent. charged, instead of the margin for reduction between the 6 and 6½ per cent., which were the current rates on the neighbouring stations. All work and expenses of labour were authorised by letter—that is to say, if I proposed engaging a cow-boy or a shepherd or a bullock-driver or any other employee, the estimate was submitted to the Board in Auckland, and a letter of authority came authorising the amount and for such-and-such a purpose. Almost at once authority was sent to spend £8,000 in felling bush. After finding that in a year or two I could get no basis to pay off the bank—all sorts of excuses—I, as a joke, wrote and asked if they would give a release from the liability, which was practically as great as if the bank had not bought the property in. I received a reply that a release could not be granted. The property was valued at about £180,000 or thereabouts. The pass-book, which had been habitually returned monthly as the accounts were made up, was not now returned, and on inquiry at the bank I found that I could not get it. Another manager was now appointed as suddenly as the other transactions had taken place. The survey and maps, for which I was still liable, were obtained from an assistant surveyor, who was not aware of his mistake, for £5. Well to go back to the grass-seed. When the bank refused any tangible liability for the grass-seed which I had engaged for on these long-date bills—there still remained about 120 bags unsown, in the woolshed, and this thing coming on me as suddenly as it did—the original taking possession—I could make nothing of it. I spoke to the people, who were in fact my creditors then, and said "I can make nothing of this, but you had better protect yourselves as far as you can." I said "I have sent up a man to take possession of the loose assets, my private property and among other things the bags of grass-seed that were unsown in the sheds." Now, although the bank would not take any liability for the grass-seed that had been sown, the manager when he found he could not take that in the shed without paying for it, promptly paid for

that grass-seed and had it sown and so went on. Well, then, this point about the management. Of course there was a manager appointed who had made an exhaustive estimate and report in conjunction with the late deceased Mr. McHardie, and in which his estimate for the necessary improvements was £38,000. That was on the 14th August, 1886. Here is a document signed Oliver R. Lyons and A. McHardie, but some of it is missing (Exhibit B). This document is only my own copy, you know. The time to be occupied in extending this was to be eight years. The working-expenses and rent were to be £6,500 a year, including rates and taxes. The net income was to be £9,745. Now I had made those improvements at an outlay of about £12,000. The net income was about £9,000 and it was done in four years. The last clip before the sale was at the rate of about £13 5s. per half-bale. It took the first prize, silver medal, at the great Melbourne Wool Exhibition, for the most value for unskirted crossbred wool per fleece by the bale of not less than 3 cwt. I only mention this to show the principle the bank was going on. The gentleman who wanted £38,000 to improve with and eight years to do it in of course superseded me in the management, and I had done it for £12,000 in four years with the same result and income. The land bought from Natives had all been arranged for by myself and probably cost 10s. to 15s. per acre. Of course I had a standing arrangement with them that when they wanted to sell they should let me know, and the thing was all cut and dried. I mentioned in an early stage of this inquiry that I had this arrangement with the Natives: to buy as soon as they felt disposed to sell without my asking them, and I had gone into this so far in detail that I knew the Natives that were going to sell, and they had offered to me what they afterwards sold to the bank—in fact, they had offered to me before the thing had gone through the Court for subdivision.

14. *Mr. A. L. D. Fraser.*] It cost you 10s. per acre you say. The land you bought?—No, no; I have some writing still from Natives offering me the land. You remember the case when the Natives settled their own claims in Dannevirke. Before that I got offers from them to sell their shares. I am speaking of the land that has been bought since—that I had under offer. What I say here is that the land bought from Natives had all been arranged by myself, and probably cost the bank 10s. per acre.

15. That is since you left?—Yes, since I left. I may mention here that I have held power of attorney from these Natives for many years, as far back as I am speaking of, but I have had this understanding with them (not to ask them to sell to me) and still do so for the remainder (those who have not sold). This land was, I understand, sold to the Government for about £4 10s. an acre. For the first fifteen years of my occupation I drew £100 a year for self. Have not had ordinary wages all the time, and no interest on the money. With regard to the statement in the petition that the bank had made improvements and bought land out of income: The statement of account shown at sale shows about £3,000 surplus after paying interest at 8 per cent., and working-expenses. If after I left the management the account had been worked on the same lines at 5 per cent., there should have been an annual surplus of £5,000, or £50,000 in round numbers during the last ten years under new management, and I left nearly 6,000 acres of bush lying on the ground ready to burn. The statement in the petition that I was the means of providing land for the people at own expense: I have here the Government receipt for £12,000 paid for the purchase of the Seventy-mile Bush, a tract of country about forty miles long by ten wide. The Dannevirke title I completed about twelve years ago by buying from the Natives the remaining share in Dannevirke. Well, this means then that I did not, of course, furnish the money to buy the Government land, but I furnished my influence with the Natives, who would not have sold to the Government unless I had advised them to do so, but would have sold to a syndicate. The Natives would have sold to the Government on my advice, and would not have done so unless I had advised them to do so. What I did do was to use my influence with them and select the time to see them about it, and persuade them to sell to the Government, and I did that at my own expense of time and pocket, and simply from public motives. That is all I have to say, sir.

16. *The Chairman.*] Then, what papers are there that you wish to put in?—The first is a letter from the Northern Investment Company (Exhibit C). Then here is the advertisement of sale (Exhibit D); it is the advertisement of the income and returns—terms cash—in a month. The next paper is in support of the income at the time (Exhibit E). This is by Mr. Avill; it is not signed or anything. There was no evidence for any purpose of this kind offered. Mr. Foster knows the writing. It is a statement of the accounts on the station, and on the other side of it is the income; this is at the time or in the year that it was sold. Then here is the list of grass-seeds incurred by myself and paid for, excepting that I paid 25 per cent. of it out of my own pocket (see Exhibit A). Here is a statement of the working-expenses; it really looks as if somebody was succeeding me in the management. Here is an expression of opinion from a man who knew the nature of the sale (Exhibit F). Here is a letter refusing the release (Exhibit G). Here is a statement by the Bank of New Zealand Assets Realisation Board of the values and areas in 1896—that is, without the stock (Exhibit H). Here is a receipt to Messrs. G. D. Hamilton and Grant for £12,000, and signed by S. Locke, Land Purchase Commissioner and Resident Magistrate, Native districts; it is dated 1871 (Exhibit I). Those are all the papers, sir.

17. You have put your statement before us to your satisfaction and as well as you can?—It is nothing more than an outline of the facts.

18. *Mr. O'Meara.*] What did you put into this land when you entered upon it first? What capital had you?—About £4,000.

19. What value did you put upon this 30,750 acres of land? What was your value of it, your interest in it: your interest in this lease when acquired from the Natives? You said the capital-value placed upon it then was £30,000. What value had you in this leasehold?—That is at the time I got the renewal of the lease when I mentioned that. Well, what I had in it then—it would be 1880—would be the interest.

20. You did not give us any areas at all. We had nothing whatever to guide us as to the areas. You simply made those broad statements in connection with certain areas of land. One area was 30,750 acres, valued at £30,000. What was your interest in it?—Well, my value with the interest of my money. From the time that I began the speculation up to this time I had got no interest; it had all been allowed to remain in the land for the future. When I took the land it was absolutely valueless for any present or immediate future purpose. It was altogether taken up and held for the purpose of waiting until I could develop it; until it was more accessible. There were no roads, and not even tracks, to it.

21. *The Chairman.*] What was your cash value of it: what was your interest? Supposing you had sold out, what would you have got for it at that time?—Oh, well, I am not prepared to give that. That wants some figuring. I have not come prepared to say that. Of course, at this time I had had a forty-eight years' lease. I had got a renewal lease of forty years before the last eight years of the old lease had expired. I can say this, that the first advance from the bank, which was arranged by the manager of the Loan and Mercantile Company, was £32,000.

22. *Mr. OMeara.*] You stated that the leasehold of this 30,750 acres—although it was leasehold it was really better than the freehold: that is, the profits would be better?—Yes.

23. Then it must have been a very great value. If the Natives had offered it at £1 an acre they would have got £1 an acre for this freehold?—Yes.

24. If you considered the leasehold was better than the freehold then the amount of your interest in that particular estate would be equal, at all events, to the freehold?—I think that the gentlemen who have the administration of the estate now consider that the interest in the leasehold is more than the interest in the freehold. If I had borrowed the money to buy the freehold at 8 per cent. the interest would have cost me, I think, £2,400 a year. As it was I got it from the Natives for £400 a year.

25. That is the reason you say it is better than the freehold?—Of course, I was saving £2,000 a year in interest, and I had got plenty of time to reduce the amount by sinking fund and pay off the debt to the bank.

26. Then you speak about this bank clerk meeting you in the afternoon. He met you one afternoon and asked you to pay up £44,000 before 2 o'clock in the afternoon of the next day?—That was by a letter delivered by the clerk.

27. Demanding this £44,000?—Yes.

28. When you could not pay up this £44,000 by 2 o'clock the following day then the bank took possession?—Instantly.

29. Did you understand then that the bank had really foreclosed, and that they were going to take the property away from you?—No, I did not. I understood that they had foreclosed, and had the men there ready to take the place in charge.

30. You entered the bank's service. Did you understand that you were a servant of the bank when you were managing the estate?—I understood that I was a sort of intermediary between the bank and myself—as this man was said to be when he went in to take the management when possession was first taken.

31. Then you stated you were drawing a salary then as manager. Why do you mention that salary if the property was yours?—Because it was put into the agreement in writing that I was manager of the Mangatoro property, and that I was to draw a stated salary equivalent to £500 a year, and later of exactly £500 a year in cash.

32. And when you received this letter from the Northernn Investment Company stating you could get the money, did you approach the bank then with the object of paying them off?—The letter is the outcome of an offer from the bank itself that if I could find half the money they would let it go on first mortgage—about £28,000 on first mortgage.

33. When you received this letter dated the 23rd March from the Northern Investment Company, did you immediately go to the Bank of New Zealand and arrange to pay off half the debt?—The transactions for receiving this loan were between the local manager of the bank in Napier and the local manager of the Northern Investment Company in Napier. To the best of my knowledge and recollection now, Captain Russell and Mr. James Williams went up, representing the Northern Investment Company, to make the inspection and the valuation, and on the strength of their report the company offered this £40,000 on first mortgage, instead of the £28,000 asked by the bank.

34. You stated in your evidence to-day that Mr. Murdoch, who, I presume, was the general manager of the bank, said "If you can find £28,000 we will let the balance go on first mortgage"?—If I could find the half of the money I owed the Bank of New Zealand they would allow that money to go on first mortgage, and the Bank of New Zealand would take second mortgage for the balance.

35. "We will let it go on first, and we will take second mortgage for the balance." If the Northern Investment Company were prepared to hand you over this £40,000 the bank would step aside and allow the company to take first mortgage on your property?—Yes.

36. Notwithstanding this offer being made by the bank, and the Northern Company offering £12,000 more than was asked for, Mr. Murdoch agreeing that the whole thing was arrranged, the bank repudiated it, and said that they would not accept it?—I made no suggestions for paying them off at all; naturally I expected this amount to be paid off, as it had been intended to be, by sinking fund, when the property was sufficiently developed. When all this trouble came on I went to Auckland and Mr. Murdoch said, "Have you any proposals to make?" I said, "If I thought there were any proposals of this kind I should not have accepted the money. I was told by the bank this should be done at the lowest rate, and that I should have every facility, and now I am here, as a matter of fact, for some explanation." "Well," he said "can you get half of this money for us"? He said "If you can get half of this money for us we will let that money go on first mortage, and we will take second mortgage for the balance."

37. You also said that the bank was charging you 8 per cent. interest. Was that the current rate of interest at the time?—I could not tell you. It was certainly as full interest as was being paid, particularly on so large an account, which the bank said was much preferable to a smaller one.

38. You cannot tell us whether that was a reasonable rate of interest or not to charge at that particular time?—This company that offered the money was getting no business with it; they were only getting security. They got no wool business or anything of that kind, and they offered the money at $6\frac{1}{2}$ per cent., whereas the bank was charging at least 8 per cent.

39. You also said that a partner offered to come in with you and place £30,000. Who objected to the partner coming in, you or the bank?—Myself. I considered this thing, my share, a great deal more than fulfilled. I had brought £40,000 instead of £28,000, and at a very moderate rate of interest, and I considered that the thing was a certain transaction.

40. You were simply misled by this offer which was made to you from the Northern Investment Company and by the bank respecting the £28,000, and in consequence of that you refused to take in a partner?—Yes, that is so practically. I may say that Mr. Fulton, knowing that I was being rather worried by the bank, got this gentleman to come over from Sydney, and he spoke to me about it afterwards, and said, "It is hardly a nice thing for you to have done to let me bring a man over here"; he looked upon it as a way of getting the business over to his place of business instead of allowing it to remain where it was, that was all. If I had taken it I would have been all right.

41. Then, the bank came to you again, and told you if you would not help them to sell they must sell through the Registrar?—Yes.

42. And then you said that the property was bought in for £5,000. That, to the ordinary mind, is misleading. The property was really bought in for £65,000?—If the Bank had said, "We relieve you from the liability," then they would have bought it in for just what I owed them practically. They bought it in for £5,000, and said, "You still owe us the balance." The position legally was this: if I had come in for £65,000 they could have come down and said, That is our money. Some two years after they had bought it in I had been trying to get a basis to resume possession, but they refused it. They also refused to release the liability.

43. They held you liable for a balance of £60,000?—Yes.

44. Can you understand their reason for their holding you responsible for the payment of this sum after they had foreclosed?—Unless they themselves knew the reason nobody on earth can tell the reason.

45. Had you any idea that the property was not worth the value which was given to the bank; would it be sold by public auction; in your own mind did you think it was worth the value—that is, the £60,000 which the bank really gave for the property?—I would not have taken the money for it if it had been offered to me under pressure. As far as I am personally concerned, I would not have got my own money and interest out of it at £60,000, even if the bank had sold it for twice the amount of the debt.

46. Dr. Campbell, you said, made a statement that it was a mistake in selling the property?—Yes.

47. Was he president or chairman of directors of the bank when he made that statement?—That was before it was bought by the bank.

48. I mean when the bank had a mortgage over it, did he state that it was a mistake to sell it then?—He said it was a mistake to sell it when the advertisement was current notifying the sale for a certain date. It was advertised for three months, and during that three months I went up to Auckland to see if it could not be stopped. I knew it would not sell. If you had asked any man to go and buy a freehold like that for £60,000 you would not have found him. Dr. Campbell not only said this, but he put it into writing and showed it to me—that it was against his judgment that the place should be put up for sale, that it would damage its credit. He gave me a copy of what he sent, which I gave to Mr. Butt, the inspector.

49. You also stated that while you were managing this property you looked upon it as your own place: was it not usual in those days for the bank and the loan company to work together, and, if an estate fell in default, to deal with it? Was it not usual in those days for the bank and the loan company to work together, and if the estate went in default to borrow from one institution and pay to the other; and, after they had borrowed up to it and got it free of debt, to hand it back to the person who borrowed money from them? Was not that the custom adopted by those institutions in those days?—Well, that was the custom with the Bank of New South Wales and their customers. I think it was the custom in the case of Mr. Tanner, who, though a very worthy person, was not always bright in his finance. In my case the position was exactly this: I think they were not frightened for the advances, but they wanted to get the advances in, being pressed for money, and they did not want people to know that they wanted them in; so, instead of saying, as any one of you gentlemen might say if you had my account, "I am hard up, and though I have undertaken to carry you on to a certain point, and give you a certain credit, I can only do it at a certain risk: will you let me off"? Then, I would have known what to do; but I did not know. When they took possession I remained on the property, working up the title with the Natives. The family and myself remained there. It was a sort of understanding that they were to take the management of the ordinary station business and that I was to work up the title of the place with the Natives. Everybody on the place knew that it was an absurd arrangement. Then, when the title was worked up with the Natives very shortly afterwards, the place was put up for sale.

50. You also stated that the account was kept in your own name as though you owned the estate and not the bank, and that the estate was charged 10 per cent. notwithstanding other estates contiguous to this one which the bank was running for you were only charged 6 or $6\frac{1}{2}$ per cent.

Why did you not protest at the time against this charge being made?—I was in a very difficult position. I had signed the mortgage at sight, and I had a verbal undertaking to carry me on. Now, without being unduly rash, I think if I had said much about the rate of interest it is very questionable whether this verbal part of the agreement would not have melted too. I could not tell you from memory what they charged altogether before they bought the property in. This is one thing that happened after a time. I had been continually told that it would be more convenient, of course, if I could get the money somewhere else: "it was not the business of the bank to advance on fixed loan." Then why on earth did the bank do it? They not only did it for me, but did it for people all round the country. It was rather superfluous to tell me that it was not the bank's business to lend money on fixed loan. This happened once. I was going up to Auckland to endeavour to find the money up there to pay the bank off, and I had the pass-book made up to date, so that I might possess the exact amount to show to people inclined to lend the money. I went up, but did not get the money. I heard that they had instructions to remit the money to England that had been sent out—I mean the money I expected to get—and that was not at present allocated. When I came back I found that something like £1,200 or £1,500 had been added as interest undercharged for the previous year. This amount thrown into an account in that unexpected way makes it a very difficult thing to deal with. If I had gone up to Auckland, and said I owed £50,000, and it was found that it was £1,200 or £1,500 more afterwards, the thing might have been "off." The last year that I worked the account, after the property was bought in, the interest charged was £7,200 for twelve months' working of £72,000, which would be about 10 per cent. When I remarked that it did not look as if it was going to get much chance to reduce the debt, somebody said, "Surely we have a right to do what we like with our own." They said they had a right to charge 10 per cent. if they chose.

51. You realised at the time that it would require an exceedingly good estate to pay a charge of 10 per cent. on the money which you had borrowed: that the charge was an enormous one?—Yes; when I went to the Bank of New Zealand I was getting the money from my own people for 5 per cent.

52. I suppose there were other charges added—lawyers' letters, and so on. Did you receive many lawyers' letters while the bank had control over it?—Not a great many letters. Of course, there was a lawyer's letter taking possession, and then a lawyer's letter putting me in possession; a lawyer's letter telling me they were going to sell it—though I do not remember it—and there was a lawyer's letter telling me that they had determined to put it in charge of another gentleman.

53. *Mr. A. L. D. Fraser.*] What year was it you received word that another gentleman was to be put in your place?—I have not the exact date, but there is a letter here that I have put in to the Committee with it (see Exhibit J).

54. *Mr. O'Meara.*] With respect to this joke, when you asked to be released from liability in connection with this debt to the bank, you got an answer stating that they would not release you?—Well, the letter is put in to the Committee (see Exhibit G).

55. When you asked the question you looked upon it as a huge joke?—No.

56. You did not look upon it so when you saw their answer; it was too serious?—It is no use repeating remarks made by the legal gentlemen retained by the bank.

57. With respect to the survey and the grass-seed: the grass-seed has never been paid for, and the survey and the maps have never been paid for?—No, never. I had to sell every pennyworth I had of my private property to pay these people who supplied the grass-seed an instalment of 5s. in the pound; this included the furniture up to a certain point. Then Mrs. Hamilton, with her own cheque of £700 or £800, released the furniture, and so that was not removed; otherwise, that would have been removed and sold. Now, they have never paid for that grass-seed that has been sown on the place. It was bought by me at about half the usual price.

58. Did you pay it off?—No. I have not paid it off, but I was liable until the other day for it.

59. Then, I understand you to say that you bought this land—you were instrumental in buying this land—at 10s. an acre—or rather the bank got the land at a value of 10s. per acre, and they resold it. They received it from you at 10s. per acre; they took it over from you at that?—I had made all the arrangements for buying it when they came to me and said they wanted to sell the property.

60. Everything was ready for the purchase at 10s. per acre?—At about 10s. per acre, though I had myself given a pound for what I had got.

61. Still, they got this increased area at 10s. per acre, and sold the same land at £4 10s. per acre to the Government?—Yes. Some of this land has been bought. Some of it may have cost a little more than 10s. per acre. On the whole, I think it came in for 10s. an acre.

62. It would have averaged 10s. an acre, and for the same land they get £4 10s. from the Government?—Yes, with the improvements.

63. What was the value of the improvements: give us an approximate amount?—Say, £2 per acre.

64. That would bring it up to £2 10s. an acre?—About that.

65. And that would leave a margin of £2 an acre?—Well, say, it would probably be covered at about £3.

66. That would leave a margin of £1 10s.?—Yes.

67. And notwithstanding this great margin they refused to settle up for the grass-seed, &c., leaving it a liability upon you?—Yes.

68. Have you got rid of that liability?—I had to do this: The creditors offered me a release through their solicitor from the whole liability when they had got the 5s. payment. I said, "I have never taken a release from anything I owed yet, and I do not see why I should be put in such a position through the action of the bank." Mr. Lascelles said, "Colonel Whitmore has taken a

release for 10s., and you had better do it." I said, "I have always paid people what I owed them"; and I said, "I do not want this release." Then the people said, "We will give you five years—and ten years—to pay this off"; and this was put down in black and white. It is a bill.

69. *Mr. Hall.*] It is a bill?—Yes. It is here with the papers I have put in (see Exhibit A). There is the amount, and the survey is still unpaid-for.

70. You say that on the 23rd March, 1888, the Northern Investment Company offered £40,000 for a term of three years. That is a copy of the letter that you have put in from the company (see Exhibit C)?—Yes, that is their own statement.

71. Who valued the land?—To the best of my knowledge and belief, Captain Russell and Mr. J. N. Williams. Anyhow, they were up there, and I went round with them for some purpose connected with it.

72. You think that James Williams and Captain Russell did it?—Yes, I am pretty well sure of it.

73. Do you know their valuation?—I do not.

74. Now, two days later the bank foreclosed?—Not two days, surely. It is twelve months later you are referring to.

75. No, in 1888?—That is a mistake in the printing.

76. Now, they offered it to you at 6½ per cent?—They offered it to the bank, not to me.

77. What were you paying at the time?—I cannot remember. I should think it would be certain to be 8 per cent. I will tell you what I go on: Mr. J. N. Wilson, who was solicitor acting for the bank as well as for me, asked me to come straight up to Auckland and see the board there about some of this business, and he proposed to the board that they should make my account 6 per cent.; that the 8 per cent. was an excessive rate. The reply was then, I think, through Mr. Tolhurst, to the effect that the Bank of New Zealand had plenty of use and outlets for its money at 8 per cent., and that they could not do it under that rate.

78. Now, had you ever been a defaulter in payment of your interest?—No, I do not think so. I had the statement of the manager himself—Balfour—that the place had always paid interest, and when it was sold up and bought in there is a statement of the account here on the sale-notes, and there is another statement by the accountant which shows it was paying 8 per cent. interest and that there was a surplus of about £3,000 besides.

79. What reason did the bank give to you for foreclosing?—Because they wanted the money.

80. Did they give you any reason for refusing the £40,000? You say they wanted the money. Did they give you any reason for refusing the £40,000 then?—The manager for the Northern Investment Company wired to Murray, I think, about the offer they had made, and just one word came back by telegram, which was "Declined." There was no explanation or anything else, so I was told by the manager of the company.

81. Do you remember, at the time that this estate was advertised, what the annual income was?—About £13,000 gross.

82. How many sheep did they shear on the estate?—Forty thousand.

83. About £13,000 a year, you say, was the gross takings from the estate?—Yes.

84. What were the expenses?—The statement of the accountant who is managing the place now is this: Working-expenses, £2,554; rates, taxes, carriage of wool to port, £886; making £3,442.

85. Was this in the year 1889 or 1888?—This was on the 31st March, 1889.

86. And what was the amount of interest?—The interest was £5,574 at 8 per cent.

87. And the total?—The total expenses were, including buying sheep £1,234—that is hardly a legitimate expense, that is capital—including that, £10,251. Now the income at the same time would be down at £13,179.

88. You say that at the time they foreclosed the estate was actually giving a profit of some £3,000?—Yes, after paying 8 per cent. Not only that, but their own statement goes to show that.

89. Now, under those conditions, you had naturally asked them the reason why they were foreclosing when the estate was paying them so well. You say that you were not paying less than 8 per cent.; and you also allege that one of the officers of the bank had informed you that they wanted their money so that they could let it out to the very best advantage to the bank, and that 8 per cent., they considered, was a fair thing. Were you paying them the same rate of interest as they were getting from ordinary customers in similar or on smaller sums?—My impression is that I was paying 1 per cent. more than the ordinary people were paying.

90. So that their reason for foreclosing was not a good one?—It certainly appeared to me that the Bank of New Zealand had got a whole host of things that were not paying—that were only paying nominal interest—and things that had fallen into their hands; and here was a thing which was paying not only interest, but going up at the rate of 50 per cent. in income per annum. I do not know that any one could find the reason for their selling except that they wanted the money.

91. Now, here is the advertisement of the Bank of New Zealand, and here is a statement of their income, and here is also the statement as to the value of the estate?—They have given no valuation there, I think, except that which has been made by a gentleman who did not impart his valuation to me. Mr. White, this gentleman, was with me over the place for about ten days, but he did not say what his valuation was or anything about it.

92. He states here that the net return for the wool was £5,540 16s. 6d. the last year, 1888?—This is the next year that they give here. It is a very large increase.

93. Now, do you regard this statement containing the advertisement-sheet as being reliable?—Quite.

94. You do not consider it exaggerated?—Not the least bit; and not only that, but that statement has been made at intervals by all the reputable judges in the country. The people that had

inspected that and had reported on it were Beetham, J. N. Williams, Sidney Johnston, William Douglas, McHardie, and A. R. Lyons, and various others, who were always unanimous in the value of the place and in the nature of the improvements and in the rapidity with which the place had been made reproductive when it was once begun.

95. When the bank refused to accept the £40,000 offered by the Northern Investment Company how did it concur with their previous statement that they were in immediate want of money?—I do not know; the impression left on my mind was that they did not in the least know what they were doing about anything.

96. When they refused the cash, did it occur to you that the investment of the £60,000 they had there was a safe one, and was a paying one?—Of course it did. I had had the thing working it myself for more than thirty years—and working it up from nothing at all—from ten bales of wool up. It was a riddle for any one to know what they wanted or what they meant.

97. Have you seen the Assets Realisation Board's valuation of the property?—Yes, I have seen some. I think I understood, Mr. Foster, without touching on ground that I ought not to touch upon, that you took over the property at a certain valuation from the Bank of New Zealand Estates Company?

98. *Mr. Foster.*] It was at book cost?—Well, the book cost must have been very much less than mine.

99. *Mr. C. Hall* (to witness).] At the time they sold your estate what was the value of the stock, implements, &c., upon it?—Oh, roughly speaking, I suppose something like £30,000.

100. Now I hold in my hand here a memorandum from the Assets Board putting the estate as worth £170,000 (see Exhibit H). Now that, as I understand it, includes stock?—That is without the stock.

101. Well, roughly speaking, then, according to you, that estate, with the stock, should now be worth £200,000?—Well, of course the stock is subject to variation. When coarse-woolled stock get into a bad market like that of last year they would be worth very much less for wool.

102. From the time that the Bank of New Zealand sold your estate what has been added to it in the way of improvements and the purchase of the freeholds of the Natives?—Well, the Bank of New Zealand Estates Company or the Bank of New Zealand Assets Realisation Board—I cannot separate them, because it was the Estates Company until 1895, I think—the Estates Company and the Assets Board between them, or one of them, added some 17,000 acres.

103. This valuation is made on the 26th of the eighth month of the year 1896, and that is six or eight years ago. I want to know what extra value was put upon that land in the way of improvements from the time the Bank of New Zealand foreclosed to the time when the Assets Board took it over?—I should say that the improvements added to the place after I left were absolutely *nil.*

104. There were no improvements?—There were no improvements of a reproductive nature. They were very expensive operations, but there was freehold added.

105. Yes, and what was the value of the freehold?—Well, the cost of the freehold would be between 10s. and 15s. an acre—that is an average—and the value of the freehold was about £1—that is to say, it would have been well bought if at £1.

106. And about 6,000 acres more of pasture have been added?—Yes. When I went out of the management I had left nearly 6,000 acres of bush lying on the ground ready to burn. The property was depreciated by the way the large tract of bush land was sown in unsuitable grasses.

107. You say the estate has depreciated since you left?—The estate is in a much worse condition now than when I left it.

108. Was it in that condition in 1896?—It had not gone so far back, because so much of the unsuitable grass that had been sown had not died off then.

109. The Assets Board valued it at £170,000, without the stock, in 1896. How much value had been put upon that from the time it was taken over by the Bank of New Zealand to being transferred to the Assets Board?—When the Assets Board took it over there were absolutely no improvements added to it beyond what I had made; they were depreciated. I do not know who bought the freehold; I do not know whether it was the Estates Company or the Assets Board. They, of course, added value to it in making it partly freehold.

110. At the time when it was sold, what did you value the estate at yourself?—Oh, the valuation, you know, was only a mental valuation for myself. It was, as a matter of fact, less than their valuation. I was making an entirely safe one by being inside the mark. I could not tell you with any certainty.

111. What would you think it was worth at the time it was sold? You must have formed an opinion?—I used to think something about £160,000.

112. With the stock and all combined?—Yes. But, mind you, if I had been offered that for it I would not have sold it at that money.

The Committee adjourned for luncheon, and, on resuming at 3 p.m., the Chairman intimated that Captain Hamilton wished to make a further statement.

Captain G. D. Hamilton: Well, it is rather a bald statement by itself that I influenced the Natives to sell the Seventy-mile Bush. Perhaps in the very early sixties the Government had found out, I think, that I was a soldier by profession, and they asked me as quietly as possible to keep them informed about the movements of the Natives in my district, because they were in imminent expectation of the Natives coming in on Hawke's Bay and massacring the inhabitants. Well, this went on for some time. I gave them what information I could until the thing came actually to hostilities in Hawke's Bay itself, when I was asked to join the force actively before the hostilities began there, and I accompanied them. In fact, the general direction was to keep them out of a mess, and if they got into a mess to get them out of it. I was actually engaged at Maranui. When Te Kooti came back from the Chathams — where I had sent some of his men myself — this trouble broke out again, and there was great consternation. People had been massacred at Poverty Bay and other places. I was asked by the Government to take command of the district between Napier and the Upper Waikato, which was deserted by Europeans and friendly Natives alike, and I enlisted a number of Natives for the Government—about a thousand—among others Mr. Henare Tomoana, who is now in the Upper House. I do not know whether his memory goes back to these things, but I have the documents here which will very easily clear it up. I got put in command then with a free hand. There was no other officer, and the direction given to me in writing by the officer commanding was to do what I thought best under the circumstances. I enlisted and armed the Natives, and paid them and commanded them generally, as well as the Armed Constabulary—and also the Permanent Militia and Scouts. Then, I acted as Lands Commissioner for the Seventy-mile Bush, and in that way arranged the settlement of all the stations that are in there. Before these hostilities broke out in Hawke's Bay I was keeping as much in the background as possible in consequence of acting for the Government, and armed the settlers of Hawke's Bay surreptitiously in the middle of the night with the rifles and ammunition that was served out to them. The Hawke's Bay chiefs had forbidden the Government to take arms into the Hawke's Bay District, and it had to be done at night, and so this thing went on until this purchase of the Seventy-mile Bush was to be made, and I, naturally, was the person in the neighbourhood and living in it who was most consulted about it; and the Natives agreed on this condition: that I should take the money myself and divide it among them, according to my estimate of their various claims. That was one of the conditions of the selling, and they tied themselves by a written agreement to accept my decision about the money, and I divided the money and gave it to them, and so completed the purchase. I have only troubled the Committee with this because it seemed rather a bald statement about my purchase of the Seventy-mile Bush. In regard to my transactions with the bank, after I went back into the management, while they were still in possession, the president of the bank and one or two of the other directors asked me to report upon their properties, and say what I thought they had better do.

113. *Mr. O'Meara.*] What properties?—Those up in the north, in Waikato, and other places, their private places, some of them. I said I would do what I could. It appeared to me, however, that what they wanted was an inspector to give a report on some of these properties, instead of taking chance remarks from people in the street; while they had lately thought that they would make a safer arrangement by getting an outside manager to manage in my place. They were now asking me to manage their properties. They were asking me privately to manage the properties of the bank.

114. *Mr. A. L. D. Fraser.*] Mr. Hamilton, I first wish to ask you a few questions with regard to some statements in your petition. Now in section 5 you say this: "According to the bank's own valuation—viz., £180,000—which has been supported by the sale to the Government of half the estate for about £90,000, the property was at the time of sale worth £120,000 over and above Captain Hamilton's indebtedness to the bank. Thus, valuation, £180,000; indebtedness, £60,000; balance £120,000." That is your statement?—Yes.

115. How do you assert that: by what reasoning do you assert that half of the estate was sold by the bank to the Government for £90,000?—Well, it was published in the papers.

116. It is not a fact within your own knowledge that two-thirds of the estate was sold for £90,000?—No.

117. What was the original area of the block?—30,750 acres.

118. Or 31,000?—Yes.

119. Say 31,000, and close on 20,000 was sold by the bank to the Government—within a few acres of 20,000. You know the only two interests not sold were two interests of 5,140 acres?—Were there only two interests?

120. With the exception of two interests, Maata Aoewaka and Matiu Meke, and Wikiriwhi Rautahi. Do you not know from your own knowledge that nearly 20,000 acres were sold to the Government?—No.

121. You appeared for the Natives twelve months ago in Dannevirke, in the Native Land Court, when the bank's portion of their freehold was cut off?—You will see it in section 4. I see it says, "After holding the property for a few years (during which time the bank expended nothing on the estate beyond the income derived therefrom), the bank sold to the New Zealand Government a little more than one-half of the area of the same, without the stock, for the sum of £90,000 or thereabouts, which amounts to about £30,000 more than Captain Hamilton owed the bank at the time when the property was sold."

122. No; I am at section 5 of the petition. It was between 19,000 and 20,000 acres, was it not?—It appears to me to be something like 18,330 acres.

123. There were between 19,000 and 20,000; even on your figures you will admit that this petition sent in is not correct when it says that half of the estate was sold for £90,000?—I think it said a little more.

124. I am speaking of section 5. It is the statement made there, viz.: "According to the bank's own valuation, £180,000, which has been supported by the sale to the Government of half the estate for about £90,000," &c.?—Yes; it says so there.

125. Well that would be incorrect?—Yes; it is rather loosely worded.

126. I will produce the orders of the Native Land Court to-morrow in order to satisfy the Committee on this point.

127. *Mr. O'Meara.*] I would like to know whether Mr. Hamilton admits that or not?—It is a loose statement; it is a little over. The exact figures are 31,000 acres as surveyed now.

128. *Mr. A. L. D. Fraser.*] 30,750 acres were given this morning?—I am told 31,000. It is nothing, an extra 250 acres, anyhow. There are many discrepancies in these things. There is this

also, I see: £90,000, or thereabouts, on a valuation of £180,000. Now, the Assets Board's valuation would amount to about £200,000.

129. Do you know what the title to-day is of the bank's property? Is it Land Transfer?—I do not know.

130. Can you tell the Committee what the title to the land was when it was sold?—When it was sold through the bank?

131. Yes?—There were nominally 3,000 acres of freehold, which were bought for £3,000, and the balance of the block was a lease of rather more than forty years, with a complete improvement clause covering all improvements.

132. There was no Land Transfer title to that?—Well, that I really could not tell you. I presume this: that the bank, for its own protection, through its solicitors, took all the necessary steps to make the title secure in anything of that kind.

133. The bank sold on the 25th March, 1889?—Yes.

134. At that time, you say, there were only 3,000 acres of freehold?—Yes.

135. You went into this district and this block in 1857?—Yes.

136. You occupied this block for some years?—Yes.

137. You had no title to it?—I had a title to it.

138. Are you aware, Mr. Hamilton, that the title was only investigated in 1866?—Yes; that was the first sitting of the Land Court in the country.

139. Well, you had no title previous to that?—No more than the ordinary title of men who owned runs.

140. Subsequent to 1866 you obtained a lease for twenty-one years?—Yes.

141. At a rental of something between £200 or £300 per year, speaking from memory?—At a rental, I think, of £120. You are speaking of the Crown grant lease?

142. Yes. Now, can you tell the Committee the year the bank took over the management of it?—Do you mean by "taking possession ——

143. Not at the time of the sale: previous to that?—The first time they took possession as mortgagees?

144. Yes?—The 24th June, 1884, there or thereabouts.

145. That is your evidence given on a previous occasion; and you remained in charge until September, 1890?—When the bank took possession for the purposes of this extension the bank recommended me to fall in with their arrangement, viz., that as an increased security between their interests and mine, they should like to have an independent manager on the place. At the same time I was not to be disturbed in occupation, and I was to go on working up the Natives' titles. Well, after an interval of, say, two or two and a half years, or thereabouts, it was found that this arrangement to further the interests of the bank did not answer; that the account was getting higher, and improvements were stopped. Development was stopped, so that I then again took up the management as manager of the whole property as well as managing the Native business. I believe the bank generally gave instructions in this way: that as little was to be said of my being only partly managing as possible, because the understanding was that if the Natives thought there was any sort of an attempt to oust me out they would immediately stop giving the title as a gift. Then I went on with the management till just three months before that date of sale, the 25th March, 1889, when Mr. Balfour sent an urgent telegram to say that he should like to meet me at Dannevirke on important business, and I went and met him at the train. When I met Mr. Balfour at the train he expressed himself to this effect: that he had been sent to "fire the shot." In Scotland "fire the shot" means to let off a blast in a quarry. I did not ask for any explanation of that, but I thought something unpleasant was coming, and my anticipations were instantly verified, as soon as we got into the hotel, by his saying, "I may as well jump to it at once; I am sent up to ask you to pay the money." This really was so utterly absurd, considering we had been trying to raise this money and that they were facilitating me.

146. You were living on the Mangatoro until 1890?—I have the exact date here in Mr. Balfour's letter — viz., "Bank of New Zealand, Napier, 26th August, 1890. — To George Douglas Hamilton, Esq., Mangatoro.—SIR,—In terms of the agreement between the Bank of New Zealand and yourself of the 7th May, 1889, you will be good enough to take notice of the termination of your engagement as manager of the Mangatoro Station. In terms of clause 8 of the agreement the bank has decided, in lieu of the two calendar months' notice provided, to pay to you two calendar months' salary in advance, and the sum of £83 6s. 8d., being for salary up to the 1st November, 1890, is hereby handed to you by the bearer of this letter, Mr. McCair, who is authorised to take possession of the property. You will be good enough to comply with the provisions contained in the 8th clause of the above-mentioned agreement, by which you are to give up possession of the dwellinghouse and to leave the property within seven days after payment to you of the amount in lieu of notice.—T. W. BALFOUR, Manager at Napier of the Bank of New Zealand" (Exhibit J).

147. You were manager there until November, 1890?—Yes.

148 From the 24th June, 1884, the bank took possession, and you were in charge until the latter end of 1890—the 26th August, 1890?—Yes.

149. During the period between 1884 and 1890 the sale took place. The sale took place in 1889?—Yes.

150. Now, between 1884 and 1889 how many interests had you acquired the freehold of?—I had secured the freehold of one.

151. That was only Karaitiana Takamoana's?—Yes. As I was acting as the Native trustee I told them I should not ask them to sell to myself. If they wanted to sell I told them I would buy, also under such a lease as I had nobody outside could buy the freehold. The interests were, roughly speaking, £3,000 each, and the rents that the Natives were drawing for them was £40 a year with a forty-years lease on the top of it; nobody outside could afford to buy the freehold and let it lie; they could not afford to let it improve in value.

152. The only interest you acquired for yourself or the bank was Karaitiana Takamoana's?—Yes.

153. You left the station in 1890?—Yes.

154. Immediately after this action was taken by the Native owners questioning the lease as affecting the whole block?—Soon after.

155. And you, as one of the witnesses, stated that the lease did not embrace the whole block: as one of the witnesses for the Natives?—No; I am not prepared to say that. I do not know if they questioned the lease, but they questioned the reserves. You quite understand this: that all this time I had a distinct understanding with the bank that when I had an opportunity of financing it the property was to come back into my hands. If I had done anything to injure the security I should have been cutting my own throat in raising a loan on the security.

156. You gave evidence that the lease did not include the whole block; that there was a reserve for the Native owners: is that not so?—Well, of course, it is a long time ago now; but I am quite certain, if I was asked when Messrs. McHardy and Lyons came to value the work, I rode round with them and showed them the land, and, riding round towards the boundary of this possible reserve, I pointed it out to them. Then they went round to the back of the country and came back and out the other way. Now, Smith was there; he was my manager then, and he rode with us. Now, it appeared that Mr. Lyons swore in Court on that business that he did not go out with me round this boundary; that we went out another way altogether; that we went out the reverse way, and never came near this boundary. I had no interest in this. It was doing what I did not want, raising the question of the title, which did away with my chance of borrowing on it to pay the bank. When Smith came back from the Court he turned to his diary and said, "I have got all that down; I was with you when you went round with Lyons and McHardy." And there the whole thing died out.

157. Might I suggest that you held a power of attorney from the Natives at this time, and engaged counsel for them in that particular case?—I had a power of attorney, and have still, power by which the Native gives you control over his rights, interests, and actions, and trusts you with looking after his money; but if a Native chooses to jump up and say, "I will go for this bank," whether you like it or not you cannot stop him. The Native says, "If I lose I lose; if I win I win." I said to the Natives, "If you had any chance of throwing the bank off Mangatoro I would help you," but I did not think they had. My advice to the Natives was, "You cannot touch the bank, therefore you had better leave it alone and accept it." They said, "If we are beaten we are beaten, and if we win we win."

158. They were beaten?—Yes.

159. Would it be correct to say that you retained counsel for them in that case (Mr. Dinwiddie)?—I could not tell; I think what the Natives did was to take and drive the sheep off what they considered was their reserve. They were returned by Lyons, and returned again by the Natives, or something of that kind. Then I think Lyons struck one of them, or something of that sort, and so the thing went on until, I fancy, the Natives were summoned for doing it. After they had done this several times I said, "Now you are summoned you will have to get somebody to defend you." It is no use saying I said they would have a lot of trouble over it. I was not acting hostilely to the bank. I was simply trying to get them out of the mess they had got into.

160. Immediately after that Supreme Court action in which the Natives questioned the lease, the bank applied to have their interests located, their freehold, in 1891, at Dannevirke?—You mean at the sitting of the Court to individualise the interests?

161. Yes?—I do not know that the bank had anything to do with it. My impression was that the Natives in the ordinary course of business—from what I remember the Natives in the ordinary course of Native Land Court business—applied to have their interest put through the Court. Was it by the bank or by the Court?

162. There were several applications, Maata Hoewaka made an application, and Wikiriwhi Rautahi made an application?—It was the Natives that made the application for subdivision.

163. When the bank sold you had purchased one interest, you say—one share?—Yes.

164. Now, what was that share worth?—Well, it ought to have been worth £3,000.

165. The interests had not been defined, had they?—No.

166. No one knew; it might be 1 acre or it might be 10,000 acres, but it ought to have been worth £3,000: that is on the basis of one-tenth?—Yes.

167. So any one purchasing your interest could not assess the value of the freehold property?—No. If the thing had not been out of my hands the Natives would probably have left it to me to define their interests, but as it was out of my hands the thing had to go through the Court in the ordinary way. That was the difference.

168. The value of the freehold was an unknown quantity. Now we will come to the leasehold. Was the actual validity of the lease at this time not under question?—I think some question had been raised by the Natives about one signature: about Maata's.

169. And, as a matter of fact, is this not so: that from the signing of that lease until to-day that woman has refused to receive the rent because, she says, the lease is bad?—Yes.

170. From a financial point of view, or a business point of view, can you in your mind say whether the title of this block on the 25th March, 1889, was a good one to lend £60,000 on?—Well, it would have been a good one to lend £60,000 on if it had been in my hands, because I should have arranged the thing; but when the title went to somebody else the Natives would not deal with them.

171. In 1889 it was not a title worth £60,000, but if it had been in your hands it would have been a safe investment?—I do not say it was a title or that it was not a title.

171A. The freehold was an unknown quantity. The lease was disputed, and that was your only security. Your freehold was an unknown acreage, and your leasehold was disputed?—From the first the Natives gave this lease conditional to me—that I should not sell it, and that I should not give it to anybody else. When the Natives found—they were advised by outside people—that the bank was only waiting until the title was completed to seize the thing, they did everything in their power to stop completing the title, and I suppose Maata has done it. The Natives would not complete the title for the bank if they could help it.

172. Do you say that Maata had signed the lease?—I did not see her sign it.

173. Who got Maata's signature in the lease?—I was given to understand that a Mr. Kennedy, a Justice of the Peace, and an interpreter from Poverty Bay got it. If they had had the power they would have blown the lease up altogether the moment they found this action taken.

174. Is it correct that this lease was got while you were managing the run and acting as Native agent for the bank in acquiring interests?—Yes.

175. As a matter of fact, Maata refused rent from everybody who has offered it to her?—Yes, I have been told so. I do not know that from my own actual knowledge. This also had the effect of preventing my raising the money to pay the bank and giving them considerable trouble in that way; but from a moral point of view I think the Natives, if they could have broken the lease altogether, would have been perfectly justified in doing it. It had been obtained from them on a sort of false pretences, on the understanding that it would not be sold, and the first opportunity was taken to sell it.

176. But you had mortgaged the lease before this?—Exactly.

177. Well, the mortgage is dangerously near a sale?—The bank were made cognisant of the terms on which this lease was obtained. They were told the lease would be granted if the bank would undertake that it should not be sold. There is an injunction from one of the Natives that this was not to be sold or leased.

178. You stated this morning that when you were manager you had three separate bank accounts. The Native Title Account, I suppose, was an account for purchasing from the Natives?—Yes. The rent again went into the current account.

179. Who purchased Ropia's interest?—I did not. I think Mr. Hamlin was buying on commission, but I do not know that he bought it.

180. Now, when the definition of the individual interests came before the Court in 1891 the bank had acquired, by purchase and mortgage, about seven shares: that is in 1891?—I was not cognisant with what they bought. My impression was that it was bought after that.

181. Oh, no; the Native interests that were not sold were Maata Hoewaka, Matiu Meke, and Wikiriwhi Rautahi; about six shares and a half were purchased?—I may mention to the Committee that I was appearing with some of the Natives, and I think you (Mr. Fraser) represented some of the others.

182. I represented the bank?—Yes. Well, I was asked to appear for the Natives at Woodville and many other places, as far as my knowledge of titles was concerned, things I had nothing whatever to do with myself.

183. You have told us the only interest purchased by you was Karaitiana Takamoana's, and when the case came before the Court you as witness gave evidence as to the extent of Karaitiana Takamoana's right?—I was witness in Mangatoro, and in Tahoraiti, and in Kaitoki.

184. Was your evidence not to this effect: that, though you had bought this interest of Karaitiana Takamoana, you had always known that it was only a nominal interest?—If I said so I must have said what was my belief; but I also knew when the first Land Court sat and took Mangatoro the Natives asked me to be one of the grantees, to take the place of a Native in the Crown grant. I said, "It is very good of you, but a European cannot take such a place; but you will find in after-years, if you had got me in there, I could not say that I was an original owner of the land, because my European appearance would prove that I was not." But these people, Karaitiana Takamoana and Henare Matua, and such people, by-and-bye, in years to come, if, when these questions of title are arranged, choose to say that they are the owners, of course they become practically owners.

185. And, knowing that, you gave him £3,000 for his share?—I knew he was there, and you could not get him out. If he sold, he sold as a trustee, or he ought to have done.

186. He was a Crown grantee, with no evidence of a trust on the face of the grant.

187. And that was part of the security for the mortgage in 1889?—Yes.

188. Would you interpret the petition to mean that you were practically entitled to consideration on two points—first, as against the bank; and, secondly, for your services rendered to the colony: for your many valuable years' service, and in assisting the Government in acquiring the land, and so forth?—Well, I have often been told that I have made Dannevirke; that I have built it out of my pocket and expenditure. If I had not got the land the people would not have been there to-day. They said the least they (the bank) could do was to make me a present of Mangatoro. Of course, that is so.

189. These residents of Dannevirke, who have known you for very many years, are practically asking the House to consider your claims from two points of view?—Yes.

190. These receipts that you put in this morning are receipts and expenditure for the year ending March, 1889 (see Exhibit E). Was that prepared by the representative of the bank?—That was prepared by the bank accountant, who was resident on the place, and is there now. It is not sent with any purpose of bringing it before the Committee or before the Court. It was prepared by the accountant in 1889.

191. What do the £200 in figures represent; that is an addition to the receipts?—Well, I suppose the probability was that it would be more than shown by the bank figures, and it is a memorandum of my own. At that time the wool is estimated at £7,000, and of that £6,419 had been realised, with a quantity still unsold.

192. You spoke this morning of the sale by the bank to the Government at £4 10s.; I think those were the figures you mentioned?—Yes.

193. The title under which the bank sold to the Government was Land Transfer?—Perhaps it was; I do not know.

194. The leasehold value of a thirty-years' lease in a case of this kind would be greater than the freehold?—Quite likely.

195. That would explain it. You say the bank bought from the Natives at 10s. or 15s. an acre: that was, subject to the lease?—Yes.

196. Did you ever have any word from the bank, verbally or by letter, as to why they refused £40,000 from the Northern Investment Company?—No; I had no explanation whatever. There was one word came, so I was told by the manager of the Northern Investment Company, and that was "Declined." It is a mere conjecture, and I presume the bank at that time was charging me 8 per cent. The Northern Investment Company offered it at 6½ per cent., and the bank would have been losing 8 per cent. on the £40,000. Nobody whatever, nor themselves, could follow what they were about.

197. In section 4 of the Dannevirke residents' petition they say, "After holding the property for a few years (during which time the bank expended nothing on the estate beyond the income derived therefrom) the bank sold to the New Zealand Government a little more than one-half of the area of the same without the stock, for the sum of £90,000 or thereabouts, which amounts to about £30,000 more than Captain Hamilton owed the bank at the time when the property was sold." That few years, speaking correctly, would be about eleven or twelve years, would it not?—Well, really, I do not quite know, unless Mr. Foster chooses to tell when the Government bought from the bank or the Assets Board.

198. You know it was sold in 1889 by the bank, and that the Government bought it about a year or eighteen months ago: you are aware of that, are you not?—It says here in the petition that the bank sold to the Government. I suppose it ought properly to be to the Assets Board.

199. It was from 1899 to 1900?—The Assets Board and the bank combined had held the property for about eight years.

200. *Mr. Hornsby.*] What amount of money did you put into the concern from the time you went in until you were put out by the bank: what was the amount, roughly speaking, of your expenditure?—About £4,000.

201. From the beginning until the time you went out?—Well, I may have put in about £800 afterwards. It was put in in this way: When I came back from England I had some loose cash that I had picked up at Home, and I used that instead of drawing money out of the account. It was entirely my account. Of course, all that money, at 10 per cent. compound interest from 1857, went into the property. I drew nothing out of this property, and I had £100 a year as salary which I allowed myself as managing partner of my own concern for fifteen years. The first real salary that the manager got I drew from the bank itself after they had taken possession, and after they had bought in.

202. Then, the whole amount of money you put into the concern was only £4,800 in cash?—Yes.

203. What about the stock?—Well, I think that might be calculated in this way. I had stock on another station that I had an interest in, and I sold that stock when I went in here, and bought other stock with the money to stock this station.

204. And what was the value of the stock?—I really forget the exact number—say, one thousand two hundred. I sold them to the Rev. Mr. Woodford St. Hill for £1 2s. 6d. per head cash. But if you look at it in this way, that I absolutely ran the whole risk without any help from first to last; that my money was always in the risk, and that my interests would amount to about £70,000.

205. Then what did you consider was the value of your interest in that concern when you came out it? Supposing you had been allowed to stay in and work out your own salvation with the Natives, what did you calculate was your interest?—£120,000 when I came out finally.

206. How much has the bank or the Assets Board or the institution that has to deal with it realised on the property since they foreclosed on you?—About £90,000 I think, besides eleven years' sale of stock and wool.

207. That is £85,000 more than they bought it for at the sale?—My debt to them, as near as it could be fixed at the time, was £60,000, and they have sold rather more than half of the property without the stock for about £90,000, and they retained the whole of the stock and the leasehold.

208. That is to say, they have realised £25,000 more than the amount they gave for it and the amount of your mortgage. They are £25,000 to the good, and how much of the property have they left?—They have realised £25,000 or £30,000 more.

209. And what amount of property is left?—I think, 11,670 acres.

210. What do you calculate that is worth?—That being leasehold, of course, is a very difficult question to say. I should say the stock at the time they sold was worth £30,000—that is, the whole of the stock. There were three thousand head of cattle and some forty thousand sheep, which would account for £20,000. Then, there were implements, work-horses, working-cattle, and working-plant left.

211. When you borrowed the money from the bank, was the bank cognisant of your position with the Natives: did they know what your position was?—Absolutely and entirely.

212. And, knowing what your position was with the Natives, they lent you the money?—Yes. They would not have lent it without this lease at all. They lent the money with an absolute understanding that this money was not to be called up except in such an extraordinary emergency that they should have to sell clean out to get the money in. The way arranged was to improve up to a very productive position, and then pay off.

213. *Mr. O'Meara.*] With respect to the validity of these leasehold titles that so much is being made of. The fact of them being leasehold, and this woman not signing her name or giving

her consent or receiving the rent, would invalidate the title. Do you think, if you had had the estate, she would have validated the title to yourself? — Undoubtedly; and the moment they made up their minds to sell they would have come to me.

214. Was there no probability of them selling?—There was every probability.

215. Would this woman have consented to the sale?—I will not say to sell.

216. What was the lease worth?—It is a sort of calculation that a life-insurance man would have to make. The rent was £400 a year. Then there was the interest on the bonuses for signing.

217. You said this morning that the leasehold was better than the freehold. First of all you had a forty-years' lease. If the leasehold was better than the freehold the price, at all events, of the leasehold ought to be equal to the price of the freehold?—It depends upon whether you were buying with your own money or buying with borrowed money. If you bought with your own money and wanted to make money out of it you would get the use of what is the equivalent of £30,000 of money, which at 8 per cent. would be £2,400.

218. That is on account of the liability—the rent charged you?—Yes.

219. It would have been very much better for you to know if it was good?—Supposing the Natives, instead of lending me thirty thousand pounds' worth of land, had lent me that in money, and said, You shall pay me so much interest, £400, that would have been better than the freehold.

220. Undoubtedly. After the Bank of New Zealand or the Estates Company or the Assets Board, or whoever were managing, took the property, do you think the estate increased in value by good management or decreased in value by bad management? What did it cost you to clear the toe-toe off the estate, and did the Bank of New Zealand or the Assets Company ever spend a shilling after they had taken charge of it?—When I came out of the property I was attorney for the Natives, and I undertook to go there at rare intervals and see that their property was not being injured. In that way I had to go now and again across the property, and there is no doubt that the opportunities that had been left there were entirely thrown away. Instead of the property improving in value it had been sown with inferior grass (after ploughing up what I had sown), which had died off, and it had depreciated it. Now, people coming through there would say to me, "By George, how Mangatoro has gone back!" Naturally I went to Mr. Bibbie, who had an interest which he had just sold; I had never gone into it to see how much it had gone to the bad. Permanent grass is quite different from the grass which you can plough and renew. I had been in the habit of sowing grasses that would grow and spread instead of depreciating. A gentleman came representing the bank as an inspector, and he said "This is much too expensive a mixture that you are sowing. I will do with a less expensive mixture than this. This grass will cost much less," and all that sort of thing. Well, the trouble was that this gentleman had not enough rudimentary knowledge of grasses to know that grass at 3d. per pound would not perhaps give 13,000 seeds to the ounce, while that at 7½d. per pound would perhaps give 240,000 to the ounce. While he fancied he was buying seed for 3d. per pound, he would have got a great deal more out of it by buying the 7½d. seed.

221. You thought at the time that the bank would give you this estate back again?—Yes.

222. And, having that idea, you came to the conclusion that the neglect that was shown by the Assets Board or the Bank of New Zealand, who had this estate—the neglect shown in the administration of that property—reduced the value of it considerably, and that if the fences had been kept up and the weeds had been kept down the chances are that it would have brought a higher price than when it was sold to the Government?—Yes.

223. *Mr. A. L. D. Fraser.*] You said to Mr. O'Meara that if you had had the management of these Natives everything would have been satisfactory to the Natives?—I think so.

224. Had you no trouble in getting a forty-years' lease?—No.

225. As a matter of fact did you not give £5,000 to one man for his signature?—I did.

226. And to another man £1,000?—I did.

227. And the lease was supposed to be a gift?—I was not left to myself to finish the title. As far as I went I got seven signatures out of ten by taking them to Napier to the Commissioner's office, and they signed there. As I have explained in this memorandum, the bank pushed and pressed, and, instead of allowing me to manage the Natives, persisted in pushing for this completion of title. When I gave the £5,000 it was worth the money. If you add the interest of the bonuses on to the actually paid rent it is still a gift. Take the £6,000 at 5 per cent. When the Natives said they would sign for £5,000 I gave them bills at twelve and eighteen months, not money, for it, and when the manager came back I said, "I have given these bills for the title. It remains with you now to dishonour them or to accept them and pay them."

228. *The Chairman.*] You took up the place in 1867, I believe?—I took up the place in 1857.

229. When was your first transaction with the bank? When did you first get an overdraft?—Somewhere about 1880.

230. You started with about £4,000?—Yes, in 1857.

231. And did the £4,000 carry you right on up to 1880?—No; I had a loan from my people at Home.

232. How much did that amount to?—I think £6,000 or £7,000.

233. When you first started with the bank in 1880 you borrowed enough to pay that off?—Yes; I borrowed from the bank to pay that off.

234. Then, when did you first have dealings with the bank by way of overdraft or mortgage?—They replaced this money straight out.

235. In 1884, when they took possession the first time, how much did you owe the bank then?—£44,000.

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."

261. *The Chairman.*] Nobody opposed your bankruptcy?—Oh no, nobody had anything to say at all, and when I applied for my discharge it was granted; the whole thing did not take five minutes.

262. Then you have no liabilities in regard to this at all?—Well I do not know. This has been opened up again. The bankruptcy has been set aside.

263. *Mr. O'Meara.*] What is the meaning of this document which you have put in to the Committee?—That is the account for the grass-seed which the bank would not pay for. I have paid about £1,200 besides that. Everything was sold up. I had a stud flock on the place not under the mortgage, and they were sold. All the cattle and horses and implements and furniture were sold. The stud flock was bought in by the bank. The working-horses and cattle and implements were bought in by the bank. The furniture Mrs. Hamilton re-bought with her own cheque of £700 or £800, and I myself came out of it without a shilling, and of course there is the liability practically remaining with me.

THURSDAY, 25TH SEPTEMBER, 1902.

Captain G. D. HAMILTON further examined.

Mr. Foster: Mr Chairman and gentlemen, when I was here the other afternoon Mr. Hamilton's evidence was concluded, and the Chairman asked me if I had any questions to ask him. With your permission, Mr. Chairman, I would like to ask him a few questions before giving my evidence.

Mr. Hall: Is Mr. Foster appearing for the Bank of New Zealand or the Assets Board?

Mr. Foster: I am attending for the Bank of New Zealand as well.

Mr. Hall: You are attending for the Bank of New Zealand as well as for the Assets Board?

Mr. Foster: Yes.

Mr. Hall: If you are questioned and asked to give evidence, are you prepared to bring any evidence from the bank to substantiate what you say?

Mr. Foster: Well, of course, I am prepared to bring any documents that are in our possession. Most of the records in this connection are in the possession of the Assets Realisation Board as from the Estates Company.

Mr. Hall: If Mr. Foster is appearing for the Bank of New Zealand he must be prepared to answer any questions the Committee may put to him.

The Chairman: If we think it is necessary we will no doubt get the evidence.

1. *Mr. Foster.*] In the first place, Mr. Hamilton, you referred to an understanding with the Natives that you should not sell. Have you any documentary evidence of such an understanding?—Well, I do not think I have. But I may tell you this is not a prepared case. I just collected scraps of evidence, some of which were lying about in trunks, and it occurred to me yesterday after I went down from here that, small as it was, it would help. Well, here is a scrap of paper, and it is written in Maori in full. It is not a formal document. This part of the letter relates to the question.

The Chairman: Will you interpret it, Mr. Fraser?

Mr. A. L. D. Fraser: Yes. It is just saying that the land is not to be sub-leased, it is not to be mortgaged, it is not to be sold.

Captain Hamilton: Literally translated, it would mean, "If you do lease this, or if you do sell it, the Maoris will kill you."

Mr. A. L. D. Fraser: It says, "If you lease, or mortgage, or sell Mangatoro you will be made to suffer by the Maoris.—A FRIEND RETURNED." I do not know what that means.

The Chairman: We may look upon this as being an anonymous letter.

Mr. A. L. D. Fraser: A threatening letter.

Mr. Foster: Might I ask that the date of that letter be taken?

The Chairman: It is in August, 1884, I think.

Captain Hamilton: This is just after the bank had taken possession by that private letter That was in June, 1884.

Mr. Foster: Is that the letter Mr. Hamilton bases his assumption of an understanding with the Natives upon?

Captain Hamilton: Oh, no; this is an incidental letter. The understanding with the Natives was made before the lease was signed, drawn, or mortgaged.

Mr. Foster: That is the documentary evidence that I asked Mr. Hamilton if he could produce.

Captain Hamilton.] Well, I have not got it here. I may say that my having this document is the merest chance. Several of my family came in from the store, and they said they were burning a whole lot of papers; and they said, "Perhaps you would like to see some of them before they are burnt," and these were some fragments that were left unburnt. It is a mere accident my having them. I wrote a copy. Since the Committee has been inaugurated I wrote for a copy of the letter that they sent when they took possession—the one they gave me in the street—but I have not got it. I put it to the Natives whether they would consent to renew the lease, as it depended upon that whether I should remain on Mangatoro or not, independent of the bank at all. The lease was given absolutely on the condition that it would not be sold.

2. *Mr. Foster.*] I can only repeat my question to you in this way, Captain Hamilton: Have you any documentary evidence of an understanding between the Natives prior to your having given a mortgage for your lease; this is in 1884?—Well, I had a verbal understanding with the Natives before the Land Courts were inaugurated at all, that I was not to sell this lease or put strangers that they did not know on it, because they found by previous experience that people took their lands on lease and then substituted somebody else.

3. Have you the documents?—No, I have not.

4. Did you tell the bank that you had this understanding with the Natives?—Certainly.

5. And have you any proof of your having done so? Did you write them that you had the understanding?—Well, that I could not tell you from memory. I am quite positive that I told them.

6. Are you aware that no mention whatever of such an understanding is made in your mortgage nor in the lease? Have you anything that you can bring in support of your claim? Are you aware that no mention whatever of it is made with the Natives either in the mortgage or in the lease with the bank?—Yes, I am aware of that; but at the same time I can give you the reason why it is not put in.

7. You said in your evidence that the bank agreed to accept, say, £28,000 in 1884, and to take a second mortgage for the balance. Have you any writing to that effect?—the bank said they would accept payment of £28,000 and take a second mortgage for the unpaid balance?—Now, I have summoned Mr. Butt here to answer one or two of those questions. However, I can only tell you this: the Northern Investment Company—I am speaking from memory now—sent Captain Russell and Mr. James N. Williams up to Mangatoro, after conferring with the bank, to report on Mangatoro, and the result, I presume, of their report to their company was that they made an offer to the Bank of New Zealand of £40,000 instead of the £28,000.

8. May I accept that answer, which is to the effect that you have no writing. You say, Mr. Hamilton, you have no writing?—Yes.

9. Did not the bank require other conditions as to security for the balance if they required it on second mortgage?—What other security?

10. If they allowed the balance of their debt to remain on second mortgage, was there not a condition attached to it?—Certainly not; there was no condition whatever.

11. You said that a contemplated partner made an offer to you. Did you advise the bank that a partner was available in order that the bank might consider the question as to whether the partner might not take up the responsibility?—I could not tell you from memory whether I advised the bank about the partner, but the action of the bank in accepting, or rather offering, those terms prevented me from taking a partner.

12. You did not tell the bank about the partner?—I could not tell you from memory now, but they prevented me by their offer from taking a partner.

13. You said also the year's expenditure was fully wiped out by the proceeds of wool, &c. How do you account for the persistent growth of the account?—I think that is subject to correction. What I meant to say was that the usual custom in working the Station Account was to draw against the growing clip—against the probable sales of stock; when the growing clip was realised and the stock was sold that went as a credit against the advances that had been made for working the station. The Improvement Account was a separate account altogether. It was not placed to come out of the Station Account at all.

14. You said the bank-manager asked you to assist in the sale of this property, Mr. Hamilton, or that they would sell without you. Did you refuse to join in and sell the property?—I did refuse, if you speak of the time when the manager came up, while it was still my property. I refused to assist them to sell.

15. And the bank was therefore compelled to sell by order of the Registrar; and in consequence, the bank having bought in at £5,000, you were left owing the bank some £60,000?—That is so.

16. Was it really because you refused to help the bank to sell that you were landed with this deficiency still on your shoulders?—It was not because I refused. I refused to assist the bank to sell, but I do not allow that there was any reason in that, for the bank bought in for £5,000, and left me with £60,000 liability. They did that because there was no chance of there being a buyer.

17. The sale was by auction, and open to the public and competition?—Yes; and I was told that there was not a soul in the auction-room. I was told that there was the auctioneer there, the solicitor for the bank, and the local bank-manager. I was asked by the president of the bank, as I was in Auckland, to remain entirely away from the property until it was put up and sold, so that anything I might have been supposed to have done to prejudice the sale could not have happened.

18. You mentioned in your evidence that Mr. Todd had advised you to file and get rid of your liability of £60,000. If Mr. Todd did so, then it would be quite as a personal matter, and not in any way as a recommendation from the bank. Mr. Todd is Chairman of the Assets Board, and has no connection with the bank?—It was a private conversation between Mr. Todd and myself.

19. *Mr. O'Meara.*] A private conversation?—Yes, between Mr. Todd and myself in the Assets Board's Office. I was trying to find some way to get the property into my own hands. He said, "If I were you I should file and try and get rid of the liability to the bank. You have £60,000 hanging over your head, and you cannot do anything with the property until you have that disposed of." Mr. Todd had nothing to do with the bank.

20. *The Chairman.*] What year was that in?—About four years ago.

Mr. Foster: My recollection of your remark, Mr. Hamilton, was that the bank advised you to do so-and-so, and then you mentioned Mr. Todd's name. I wanted to remove any impression that it was a bank officer who said that.

The Chairman: Do you want to make out, Mr. Foster, that if he was Chairman of the Assets Board he had no authority with the bank?

Mr. Foster: He had no authority to speak of such a subject for the bank any more than I do in the bank's concern.

Mr. Herries: We have no evidence that it was a personal matter.

Mr. Foster: I do not look upon Mr. Todd as in any way connected with the bank.

21. *Mr. O'Meara.*] Why did you go to him at all, Captain Hamilton?—Because the Assets Realisation Board had my property in their hands, and I was, naturally, still endeavouring to find some way of releasing my property from their hands. In this conversation with Mr. Todd, this liability to the bank cropped up, and he said, " Well, if I were you, before trying to deal with it I would get rid of your liability to the bank and be done with that."

22. *The Chairman.*] Did you look upon that as advice you would get from your banker, or as a private and friendly conversation?—I really looked upon it as solving the knot.

23. Did you look upon Mr. Todd at that time as a gentleman transacting bank business with you, or did you look upon him as a private friend?—I looked upon him in this particular case as really giving friendly advice.

24. *Mr. Foster.*] Do you dispute or assert, Mr. Hamilton, that the bank was not acting within its legal right in the sale?—On the legal question I have an opinion. I know this, that in selling the bank was breaking their undertaking with me; that is quite distinct. I distinguish an undertaking from a legal right. There may have been many conversations. It is the legal point on which hinges the question as to whether or not the bank would wish to give any evidence that was likely to go before a law Court, for instance.

25. *Mr. O'Meara.*] You understood that they were strictly within their legal rights in disposing of their property?

26. *The Chairman.*] Do you admit that the bank acted within its legal right in foreclosing on your property?—It is a question of this kind: After a man undertakes not to sell you up and then sells you up, is he within his legal rights? That is the position.

27. Do you admit that they acted within the law?—I knew myself that, if it was a question of law, simply that I had given them a mortgage to secure an overdraft, to be called up at sight, and that if they chose to break their undertaking to me they could use the power that I had given them and signed.

Mr. W. G. FOSTER, General Manager, Assets Realisation Board, examined. (No. 2.)

Mr. Foster: You might take it that that is an answer to my question: that we were within our legal rights. Those are all the questions I have to ask Mr. Hamilton at present, Mr. Chairman. I would like to explain to the Committee that, of course, a considerable portion of this business was prior to my having any connection with the property, and I have had to rely upon what I could gather together from records. Mr. Hamilton, in his evidence, referred to an understanding with the Natives that he should not sell. Has he any documentary evidence of such an undertaking? Did he convey this to the bank, and has he any proof of his having done so? Is he aware that no mention whatever of such an understanding is made in his mortgage? Mr. Hamilton said that the bank agreed to accept, say, £28,000 in 1884, and to take second mortgage for the balance. Has he any writing to that effect? Did not the bank require other conditions as to security for the balance? *Re* partner: Did Mr. Hamilton advise the bank that a partner was available, and give it the opportunity to consider the question, or did he not refuse right off? Mr. Hamilton says, "The year's expenditure was annually wiped out by proceeds of sales of wool," &c. How does he account for the persistent growth of the account? Mr. Hamilton says the bank-manager asked him to assist in sale, or they would sell without him. Is this not a usual arrangement to save expense? Did Mr. Hamilton not refuse to so join in, and therefore compel the bank to sell by order of the Registrar, and in consequence leave him indebted to the large amount of over £60,000? Was the sale not open to the public, and the property subject to competition? Mr. Hamilton mentioned that Mr. Todd advised him to file to get rid of his liability, and, lest the Committee should misunderstand, I wish to say that if Mr. Todd did so advise it would be as a personal matter and not in any way as a recommendation from the bank, Mr. Todd's position being that of Chairman of the Assets Realisation Board, without any connection with the bank. Does Mr. Hamilton consider the price at which the Assets Realisation Board sold to the Government, £4 10s., a fair one? Mr. Hamilton's evidence, as given, refers to a notice from the bank in 1884 to pay up his overdraft, which he states he was unable to do, and the bank in consequence entered into possession under the powers contained in his mortgage to the bank. Mr. Hamilton does not say whether he resisted in any way, nor does he assert that the bank was in any way acting illegally or contrary to the provisions of the contract he had made in respect of his security for the advances, nor does he say whether he had legal advice on the point. As he remained on the property ostensibly as owner, it is fair to assume that he had acquiesced in the procedure. The property was carried on under these conditions till 1889, when the bank (failing Hamilton's having arranged to be redeemed) decided to foreclose and sell through the Registrar of the Supreme Court. The debt to the bank in 1884 is stated by Mr. Hamilton to have been about £44,000, and in 1889 this debt had increased to £68,000, and during this interval (part of which period the property was under Mr. Hamilton's management) Mr. Hamilton was cognisant of the expenditure so increasing the debt, and does not appear to have demurred to same. In 1888 Mr. Hamilton apparently entered upon negotiations for raising money to pay the bank off, and, as he has stated, these negotiations resulted in an offer from the Northern Investment Company of £40,000 on first mortgage of the property. I have no data available as to the bank's reply to this proposal beyond that it was refused. Mr. Hamilton has stated that at this date his indebtedness to the bank was about £60,000. In November, 1888, the bank had a valuation of the property made by Mr. W. Hunter (Exhibit K), whose estimate placed the value at, for the freehold, £83,500; fencing, £7,500; dwellinghouse, buildings, and plantations, £3,000; live-stock, sheep £9,000, cattle £1,750: total, £104,750. Mr. Hamilton has stated that he could have arranged to purchase the fee-simple of the land from the Natives at from 10s. to 15s. per acre. The purchasers of the 19,500 acres lately sold to the Government, however, average £1 per acre, and, assuming this to be the value of the freehold (subject to lease), the position would appear as follows:—

Mr. Hunter's valuation (£104,750)	£104,750
Deduct amount to extinguish Native interest on 30,754 acres, less 1,000 acres bought by Hamilton, 29,754 acres at £1	29,754
	£74,996

This amount being the estimated value as security for advances totalling £63,447. At this time litigation was commenced by certain Native owners in respect of the validity or otherwise of the lease, but proceedings were suspended for some time, and, notwithstanding that the bank made application to the Court to compel the continuance or withdrawal of the action, the case was allowed to lapse; but at the time the bank sold under its powers the title (lease) was practically under challenge. The position that had to be considered, therefore, was that the margin of security over the debt was only £6,549, and as the valuation included stock, the values of which were of a fluctuating character, and the lease was being attacked, the bank was justified in forcing a sale even if it was not (as it asserts it was) within its right to call up its advances in terms of the contract. Mr. Hamilton has not shown that he, at any rate, protested against the sale or the calling-up of the advances, but, on the contrary, he had endeavoured unsuccessfully to raise money elsewhere to pay off, and in March, 1889, just prior to the sale, arranged for the Northern Investment Company's offer of £40,000, which was declined, as follows—viz., " Quite impossible that offer could be entertained unless a guarantee forthcoming for amount you propose securing by second mortgage." The interest charged during the period of the advances varied, but did not exceed 8 per cent. per annum. Mr. Hamilton states that paragraph 1 of the petition is substantially correct. The bank denies that in or prior to March, 1889, it valued the Mangatoro securities at £180,000, or that it has ever been increased beyond this figure. The bank admits section No. 2, but in respect of the "short notice of sale" the procedure was subject to and with the approval of the Registrar of the Supreme Court. As regards section No. 3 the bank denies the accuracy of the figures. As regards section No. 4, the bank held the property till 15th August, 1890, when it, with other properties which had fallen into the hands of the bank, became vested in the Bank of New Zealand Estates Company, which had just been formed for the purpose of taking over these dependencies, and from this date the Estates Company executive controlled. During the twelve months 1899–1900 the bank practically held the property at the option of Mr. Hamilton for redemption purposes, as is evidenced by the renewed offer of £40,000 by the Northern Investment Company in August, 1889, which was declined. As regards section No. 4, the statement that nothing but the income was spent on the property is denied; as a fact since 1890 (the date on which the Bank of New Zealand Estates Company took over) the expenditure has aggregated £71,651, viz.:—

	£	s.	d.	£	s.	d.
On permanent improvements—						
1891	10,823	8	2			
1892	2,250	9	2			
1893	2,174	2	11			
1894	5,996	6	7			
1895	3,310	3	0			
1896	1,266	7	5			
1897	1,846	6	6			
1898	1,938	0	5			
1899	2,606	4	6			
1900	1,329	9	1			
1901	257	19	7			
1902	945	19	11			
				34,744	17	3
On purchase of freehold, 19,607 acres—	£	s.	d.	£	s.	d.
1891	2,330	17	8			
1892	3,892	13	1			
1893	724	2	0			
1894	3,004	2	7			
1895	2,945	11	7			
1896	5,554	8	8			
1897	714	17	4			
				19,166	12	11
				53,911	10	2
And the increased stock and its value and implements amounts to				17,740	0	0
				71,651	10	2

The average profits from 1900 to 1902 have been £8,450 per annum, = 8 per cent. on average of debt (say) £105,000. Subsequent to the formation of the Bank of New Zealand Estates Company a valuation was made by the Hon. J. B. Whyte, in May, 1890, who, on a prospective estimate, valued the security at £139,000, and at this figure it was taken over by the Bank of New Zealand Estates Company, and controlled and managed by that company until the banking legislation of

1895, when it passed to the Assets Realisation Board at book cost, which was the above sum £139,000

Plus expenditure to that date	50,535
Book cost, as per schedule to Banking Act	189,535

This was a very excessive valuation, and reference to evidence given by Mr. James McKerrow, late Chairman of the Land Purchase Board, before the Legislative Council, in 1895, will show that he valued the land as freehold at about £3 per acre. The Assets Board offered the property in December, 1900, at £3 5s. per acre, with stock at valuation, and it was declined. It is denied that the Assets Board sold a little more than one-half of the area of the estate. The relative proportions are—freehold sold to the Government, 19,581 acres; leasehold, 11,537 acres. The price at which the freehold was sold to the Government was £4 10s. per acre, or £88,118.

The debt on the property at 1899 was		£68,447
Add to this the extra amount of expenditure and increased stock, and its value		71,650
And this gives the actual indebtedness of the property		140,097
And further deducting amount received from Government ...	£88,118	
And from selling-off stock	8,677	
		96,795
Leaves		43,302

As against which there is left for sale 11,537 acres leasehold, 13,600 sheep, 850 cattle, 124 horses, and plant; the leasehold having twenty-eight years to run, at an average rental of £160. During the past twelve years no provision has been made for the reduced value of the goodwill from effluxion of time; but, as nearly one-third of the time has expired, the lease is worth less and the freehold more. The price at which the leasehold would be sold is one which would not clear the indebtedness. I therefore submit that there is no margin in the estate, and no justification for Mr. Hamilton's claim. As regards section No. 7, there is an element imported into the petition that has no relation to the petition in respect of the bank's foreclosure, and I respectfully submit that, whatever recommendations the Committee may make, the issue should be distinguished, the more especially as the bank recognises that the good services alluded to, which were of a public character, were actually performed; but, of course, were quite distinct from the main subject of the petition. That is all the evidence that I have to offer, Mr. Chairman.

Captain Hamilton: May I ask Mr. Foster a few questions, Mr. Chairman?

The Chairman: Yes.

Captain Hamilton (to Mr. Foster): When the bank bought the property in, in 1889——

Mr. Foster: I would like to say just now that if Mr. Hamilton will give us £50,000 and take the property, he can have it.

28. *Captain Hamilton.*] When the property was sold in 1889 the approximate fixed debt was £60,000?—£68,000.

29. The indebtedness then was £68,000 odd?—£68,467. Those figures are taken from the books.

30. And how much did you spend beside what I had spent in buying land?—I could not say from memory. These figures are all from records—£71,000 in all, and for land there was about £19,000 odd.

31. There was £19,000 to the Natives, and the total outlay was £70,000?—That is about it, £71,651.

32. Then there was £52,000 laid out on improvements out of the £71,000?—Yes.

33. Now, when the bank bought the property in in 1889 there were forty thousand sheep on the property, and the income is stated by them at £13,000 odd, and the working-expenses are stated at £2,400. Now, could you kindly tell me what the number of sheep on the property was after the expenditure of the £52,000?—What shape do you mean that question to take: do you mean as a debt?

34. What number of sheep were shorn during the year the property was sold to the bank, and the stock taken off?—That is shown in Mr. Hunter's valuation.

35. I mean when this last sale to the Government took place. How many sheep were shorn?—I could not tell you from memory.

36. Was it more than forty thousand; I mean just before the Government bought the estate from your company?—On the 31st March, 1901, there were 41,329 sheep on the place, and 2,271 head of cattle.

37. Might I ask you what the gross returns from the property were during that time?—I cannot tell you. That affects the Realisation Board. We have got to sell some of that property.

38. I mean from wool and sale of stock only?—I could not answer the question as to returns.

39. Now, the question about the working-expense, would that be the same?—The same.

40 *The Chairman.*] Is this statement from the bank?—This is a statement by the accountant of the bank, who was on the place many years ago.

41. *Captain Hamilton.*] In 1889 the property was sold through the Registrar, and the bank, in advertising, said there were forty thousand sheep, with an increase in twelve months from twenty-six thousand—that is, an increase of fourteen thousand sheep in twelve months—and an increase in the amount of the clip from £5,440 to £9,000. Now, might I ask you, Mr. Foster, how

it comes about that, after an outlay of £52,000, spread over a time of about ten years, there are practically the same number of sheep still shorn, and that there are not more cattle?—Well, Mr. Chairman, am I called upon to answer anything more than is in the petition? It seems to me we are drifting more on to the Assets Board's business.

Mr. Herries: Captain Hamilton wants to get at what this valuation that was put on for improvements was; he thinks that the money was wasted.

Captain Hamilton: My statement was that the money has been wasted on the place, and that there is no result to show for it, and, instead of an improvement claim, there is a depreciation.

42. *Mr. Herries.*] He means, Mr. Foster, that the £71,000 could not really be added?—The Bank of New Zealand Estates Company and the Assets Company have spent that since they had the property. The annual returns were about £8,540, or equal to 8 per cent on the debt.

43. *Mr. O'Meara.*] That precluded all possibility of Mr. Hamilton getting the property back?—Oh, yes; but if Mr. Hamilton will pay the actual debt as it is shown by our records—if he will pay £50,000—he can have the property. He claims that there is £120,000 of value left in this property for him; I want to show that there is nothing.

Captain Hamilton: Before your advent I looked upon this expenditure as the very summit of folly and recklessness while it was going on.

44. *Mr. Herries.*] You made a statement, Mr. Foster, about Mr. Hunter's valuation?—Yes.

45. And you give his valuation which is as if it were a freehold?—Yes.

46. How do you arrrive at the sum of £104,750 as being his actual value?—In this way: that this was the freehold valuation.

47. Of course, you have deducted the amount required to extinguish the Native interests?—Yes.

48. Do you think that it is a fair thing to deduct that?—He values this as a freehold. I was valuing it as leasehold. He values this at £104,750 as if it were a freehold.

49. You have deducted the subsequent cost to get the freehold from that £104,750?—Yes: to show the value of the leasehold at the time.

50. Do you think that that is a fair deduction?—Yes; we paid £1 an acre.

51. When did you pay that?—We paid about £1 an acre for the 19,000 acres.

52. When: since you had possession?—Part of it commenced at once and continued throughout the term.

53. Is it not a fact that the freehold would become more valuable as the years rolled by?—Yes; and it enhances the value of our payments for the leasehold. It began at less. I am taking the average of all the payments that were made during the time.

54. At that date do you think you would have to pay £1 an acre for all of it?—Approximately. It could not have varied much. You see, Mr. Hamilton says he could have bought it for from 10s. to 15s. an acre.

Captain Hamilton: I quite indorse your having got good value for your purchase of the freehold. I paid myself at the estimated rate of £1 an acre for it. It was a matter of the way it was subdivided that it turned out so badly—the acreage.

55. *Mr. Herries.*] Do you think it is a fair amount to deduct, Mr. Foster: do you think it is fair to deduct that amount?—In 1889 the lease was under challenge, and I do not know that anybody else would have touched it. Nobody opposed the bank beyond £5,000 for it. There was no competition for it, so I think, so far as I can gather, that I have put it fairly.

56. *Mr. Herries.*] With regard to this Improvement Account that you have put in: do you maintain that those permanent improvements have benefited the land?—I maintain that all that has been expended since 1889 has been a benefit to it. It has been mainly bush clearing.

57. *The Chairman.*] How much did you improve the estate from Captain Hamilton's time? With reference to this £70,000 that was expended, how much did the returns from the estate increase?—I could not say.

58. *Mr. Herries.*] Did they increase?—Probably not; wool was down to half its value. It is quite possible we might be unable to maintain the returns owing to the drop in wool.

59. Do you mean to say that if you had not spent this money the estate would have depreciated?—There is no question about that. The improvements made by Mr. Hamilton prior to 1889 were mainly in surface-sowing of grasses. A lot of this country is called "sour" country, and in my opinion surface-sown grasses do not in such land always hold for a very long period, and something else is necessary to take its place. After 1895, when I had control, my attention was called to felling bush and sowing grass. It has undoubtedly enhanced the value of the property.

60. Has this £71,000, as spent by the bank, been spent mainly on the freehold or on your leasehold?—Mainly on the land that we had acquired.

61. Has there been much expenditure on the leasehold that you still hold?—Not a great deal. We are at that now.

62. Can you answer any questions about the bank? Do you know who was the president of the bank in 1887?—I could not tell you.

63. You do not know whether they were in any financial trouble?—I think it is within the knowledge of most folks that they had not too much cash.

64. Was it before Mr. Buckley made those disclosures or afterwards?—I could not say. Of course, I have very strong impressions, but I have no knowledge of facts.

65. Did the bank sell up Mr. Hamilton because they were in difficulties or because the account was increasing to an undue amount?—If the bank was able to refuse £40,000 offered, taking second mortgage for the balance, providing the balance was adequately secured collaterally, I should imagine that they were in no immediate necessity.

66. Are we to understand from that that the bank would take the £40,000, and the other

£20,000 that was owing to them was to be on a second mortgage?—I cannot say the bank agreed; but the bank declined unless the balance was adequately guaranteed.

67. Who was to guarantee?—The borrower, of course, had to negotiate that. Nothing definite was put before the bank except the £40,000 of the Northern Investment Company.

68. They did not consider that they could carry the two mortgages?—Oh, no; there was only £6,000 margin.

69. That valuation of Mr. Hunter's which you will put in?—Yes, it was made in 1888.

70. The deduction and all?—The valuation was Mr. Hunter's valuation less £1 per acre for the acquirement of the freehold—our lease being in the way.

71. The bank's valuation they had before them was £104,000?—On his valuation they refused the negotiations.

72. The statement that you make that there was only £6,000 of a margin you arrive at by deducting the £1 per acre for the freehold?—Yes, as showing the value of the leasehold.

73. You arrive at that conclusion. Now, do you know whether the bank arrived at that conclusion?—On Mr. Hunter's valuation here.

74. Did they deduct the £1 per acre?—I do not know the way they got at it.

75. You say there was a second offer from the Northern Investment Company?—Yes.

76. Was that on the same terms as the first?—Yes, a renewal of the first.

77. What interval of time was there between? Was it a few months?—I think it was only a few months.

78. The first one was on the 16th March, 1889—that was immediately before the auction—and the renewal was on the 16th August?—After the auction.

79. The second one was made after the auction?—These two might have been the second and third; I have no means of knowing. The explanation is this: that we have only the records in Wellington since February, 1889, except registers, you know. The correspondence in all this Mangatoro business was between Mr. Hamilton and the branch of the bank at Napier—the direct correspondence—and that we have not here. I have only the head office records available. Mr. Hamilton may be quite right in saying there was an offer twelve months previous to the sale. I could not deny it. I have no records. They are available in Napier.

80. Why did the Northern Investment Company offer to lend £40,000 when it was in the hands of the bank?—Mr. Hamilton had perhaps gone to them and said, "I can still redeem that property if you will advance me the money."

81. I understand that was on the first valuation?—They probably had some valuation to go on, and said, "Very well; we will find £40,000 and carry your business along."

82. Was the bank always willing after the sale to allow Captain Hamilton to redeem the estate?—Yes; the bank was distinctly willing, so far as I can interpret their reply. They were written to on the 16th August, and the reply that the bank made through their branch manager was: "With regard to Mr. Hamilton's recent application to purchase Mangatoro, the Board declines his proposal. It is quite out of the question. We could accept £40,000 cash and a second mortgage to secure the balance of the debt." That was after the sale, and it was on the same lines practically as the reply that was made on the 16th March, just prior to the sale—viz., "Quite impossible that the offer could be entertained, unless the guarantee forthcoming for the amount you propose securing by second mortgage." So I interpret this to mean that the bank, even after the sale and at that date, would have accepted the money owing had it been forthcoming, but, of course, not the £40,000.

83. What is the sum that the Assets Board sold to the Government for?—£88,000.

84. And what did you realise from the sale of the stock?—I have not got the particulars of that.

85. Can you give us any idea what you realised?—Oh, probably £6,000 for the surplus stock.

86. You did not sell it all?—Oh, no; we have still got the leasehold. There was probably £6,000 from its sale.

87. How were you paid by the Government, in cash?—Yes.

88. Do you consider that the Assets Board got well out of the estate at that price?—I think it was a good transaction for both parties.

89. Do you think it was a fair value?—I think it was a fair value. Mr. Hamilton has expressed to me the opinion that it was a good sale.

90. What had the Government offered previously?—There had not been an offer previously. As a matter of fact, the Government could not have bought it on the conditions we offered; they could not have bought the leasehold.

91. What was the value of land in the district: has it advanced since 1889 up to the time that you sold to the Government?—Yes.

92. What would you say was the general advance to the bank at that time?—A very considerable advance, not perhaps in the productive value as worked, but in the settling value.

93. *The Chairman.*] Do you reckon that Mr. Hunter's value was a fair value at the time?—I think it was a decidedly big value when you take into account that the lease might not have been worth a rap.

94. *Captain Hamilton.*] I find here that there are £52,000, which means £2 an acre on the improved land. I really ask, where has the money gone?—I am afraid I really cannot answer that question.

95. I knew this was going badly, but my wildest dreams never conceived the idea that £52,000 had been spent there. It was common talk in going through that there were all sorts of things being done. I thought it might have been an expenditure of from £10,000 to £20,000?—Well, in bushfelling alone there has been £9,872 expended for that period. Practically £10,000 in fencing and grassing, that is during the period from 1889.

96. *Mr. O'Meara.*] You are representing the Bank of New Zealand here?—Yes.

97. As well as the Assets Company?—Yes.

98. Do you contradict Captain Hamilton when he states that he was met in the street by a clerk of the bank who delivered a letter to him intimating that the bank intended to foreclose?—No, I have no means of knowing that. My evidence was really of records prior to 1895.

99. Then take clause 2 of the petition—viz., "In the same year the bank called up the advance, and on default being made put the property up to auction after very short notice of sale, with the condition, *inter alia*, that the purchaser should pay cash within one month. The result of these proceedings was that no purchaser could be found on these terms, and the bank bought in for £5,000." You will not contradict that either?—Yes, of course; my answer to that is that this was done by order of the Registrar of the Supreme Court.

100. *The Chairman.*] Do you admit the accuracy of this statement in clause 2 of the petition?—I cannot deny that. I have no knowledge of that.

101. *Mr. O'Meara.*] If that statement is correct, or were correct, do you think it is a fair way for a monetary institution to treat a client?—Well, there may be reasons, of course, that we do not all see, and some I should prefer not to disclose. When there was only a six-thousand-pounds margin, in the opinion of the bank, it was a very serious position to go on financing; and then came the threatened action by the Natives against the lease.

102. *Mr. Herries.*] Was that threatened action before the foreclosure?—It was before that time.

103. *Mr. O'Meara.*] If you were disposing of a property for a private individual, and you wanted to get the best value, you would not put it up in twenty-four hours and sell it, would you?—I do not think it could have been sold in twenty-four hours. I think the Registrar of the Supreme Court would not have allowed it to be sold within twenty-four hours.

104. Well, we will say within a week: do you not think it was an unreasonable time?—I think you might ascertain the time from the advertisement. I did not know of that.

105. Here is the advertisement. It was about seventeen days from the date of foreclosure to the date of sale?—The bank complied with the law.

106. They did that, but there are many instances where it is unfair to a client who may be able to pay off?—If you look at the history of it you will find that the bank threatened to do this in 1884, and that all the time after it was urging Mr. Hamilton to pay off.

107. If they threatened to foreclose in 1884 probably they were justified in foreclosing as quickly as they did. I was not aware of that?—He has said that.

108. You stated that you did not think the bank when they foreclosed were in want of money?—I am unable to say. Judging from the fact that they were unwilling to negotiate or consider an offer of £40,000, with a second mortgage, there was no need for money. The amount on second security was almost equal to the cash; otherwise they might not have refused the £40,000. If they could have got the guarantee required from the Northern Investment Company no doubt they would have been only too glad to accept the £40,000. The probability is that if they had accepted that £40,000 and a second mortgage the Northern Investment Company might have foreclosed, and by foreclosing probably the bank might have lost the balance.

109. Why did not the Nothern Investment Company find all the money then?—That is another question.

110. After the Assets Board took charge of the estate, Mr. Foster, do you state the money that was expended in improvements such as grassing, fencing, and bush-felling, &c., was well spent, and that they were real improvements, and that you could earn more money than before?—I think so; I am bound to say it was well done, as it was done under my instruction.

111. Is it not a fact that Captain Hamilton, during the time when he was managing it, spent a lot of money in clearing the toe-toe, and immediately the Assets Board took charge of the estate that the toe-toe increased, and was just as bad as it was previous to Captain Hamilton's destroying it?—I am unable to say as to anything before my time. Since my time, I found the toe-toe on the poorer country. We had not too much to spend, you know, and I could afford to let bad country go, and stick to the good land for the time being.

112. Can you give us an idea of the area that the toe-toe was spreading over?—I could not say. I do not think there has been very much spread; our managers say not.

113. When were you over the estate previous to the sale?—I can only speak of the time between 1895 and now. And there has not been much spread. That land with the toe-toe is mainly the land that the Government purchased. Bad land surface-sown soon runs out of grass. That was going back from the time Mr. Hamilton sowed it, and, of course, it is worse now than it was then, and it will not carry much.

114. How many head of cattle did this run carry at the time you sold it to the Government?—2,207 head of cattle and forty thousand sheep, and we were understocked then, I think. As sellers, we had been persistently understocked. Then it is nice for purchasers to see plenty of grass even going to waste.

115. *Mr. Hall.*] Could you tell us whether the Bank of New Zealand foreclosed on Mr. Hamilton because he could not find the money they required, or was it because the expenses were mounting up and the management was not good enough?—I cannot say what actuated them, but from the records available to me the conclusion I have come to is, to begin with, the account was running up year by year. The bank required, in accordance with their contract, that it should be paid off because they were becoming alarmed at it, and in addition the leases were threatened to be attacked by the Native owners. The debt had got up to a very great extent, and they did not know what it would be in the end. If the leases were invalid they would have had nothing but the stock.

116. Can you give us any proof that the leases were attacked before the bank sold?—Did I say it was before? Whatever I have said in my statement I can support here. I would like to say

this, gentlemen, I assume that if I am to be called upon to produce documents, Mr. Hamilton should also be called upon to produce documents.

117. You are here as the representative of the bank. Did you foreclose because you wanted the money—the principal—or did you foreclose because the expenses were mounting up and there was not a fair return of profit?—As a matter of fact I had no access to records as to that. This was decided by a board of directors. I could not answer that question. I think the reason would be obvious, when, as I have endeavoured to show, on a valuation made there was only a margin of some £6,000 odd between the debt and the security, and in addition to this the main security (the leases) was attacked.

118. On the one hand we have Mr. Hamilton saying the security was not attacked, and on the other your statement?—I can support mine by documents.

119. You do not deny the statement of Mr. Hamilton, that he acted as an agent to secure the bank a forty-years' lease in order that their security might be reliable, and which could carry him on?—That lease was in 1878. In 1878 Mr. Hamilton, for the purposes of his own betterment of security and getting a bigger advance, got an extended lease beyond 1900, for forty years.

120. And how much did he owe the bank then?—I could not say that. I am not prepared to state at the moment, but the bank is able to show it from the accounts.

121. Now, from the time of the bank selling Mr. Hamilton's property and the time of the passing of the Banking Act had not the bank ample opportunity of disposing of that property at a profit?—That is in the Estates Company's time. I do not know that they ever tried to.

122. Then you really think that the Estates Company thought that they had a good property, and that they could keep it on to the profit of the bank?—I do not really know what the Estates Company thought. They at any time would have taken the book cost.

123. In 1888—that is the year before the bank foreclosed, the year before they sold it—you have the valuation of Mr. Hunter at £104,750, and he shows during the same year the margin of profit that was actually paid was 8 per cent.?—It fluctuates.

124. Did it not, as a matter of fact, pay more than 8 per cent.?—From 1889 to 1892 the average has been 8 per cent. on the debt.

125. Was that a fair charge of interest, 8 per cent., on a large estate like that?—I do not know whether it was a large interest-rate at the time. It was the rate contracted for and agreed to by both parties.

126. As a matter of fact, would not 4½ per cent. have been a fair charge?—The Government could not have done it at that time. There was 6½ per cent. and 7 per cent. on gilt-edged securities at that time.

127. What was the object of getting this valuation of Mr. Hunter's?—The object was that the bank should know how they stood.

128. And this was one year before they foreclosed?—Yes.

129. Now, here is a copy of your report of the value, which is dated 1896 (see Exhibit H). I believe this is your own report, the Assets Realisation Board's, Wellington. This has got the name of the Assets Realisation Board, and is dated 26/8/96?—I do not disclaim it. It is an Assets Board document issued from there, but it is no report.

130. It says in this report, "the Homestead Block." Where did you get this report from, Captain Hamilton?

Captain Hamilton: This was an answer to a letter from myself in 1896 asking what terms the Assets Realisation Board would release my property to me on. These are the terms.

131. *Mr. Hall* (to Mr. Foster).] The valuation in that is £170,000?—That is no valuation; that is the price we asked. We will take an equivalent of £150,000 if Mr. Hamilton will give us a cheque for it.

132. I believe you were appointed to report on the value of those estates at the time the banking legislation was going through?—Yes.

133. What did you report as the value of this estate?—I never reported at all.

134. What was it assessed at?—At the book cost.

135. Was there not another value? Did you not report the face value?—I decline to give those figures.

136. What was the book value at the time?—The book value was £189,535, or something like that.

137. That is the price you wanted without the stock?—That is the price we asked.

138. What would you have been prepared to take at the very last?—I am not prepared to say. I can tell you what we will take now for what is left.

139. We are inquiring into the value of the estate from 1889. Now, here is the advertisement-sheet, Mr. Foster?—Yes.

140. Do you think that the Bank of New Zealand would falsify the statement of its advertisement?—It is quite possible that the bank did not draw its own advertisement. It is quite possible that it was drawn by the auctioneer.

141. *The Chairman.*] Do you admit that that was a fair and accurate statement of the position?—I am not prepared to say.

142. Are you prepared to contradict the accuracy of that statement?—I cannot contradict what I know nothing about.

143. You come here to give evidence for the Bank of New Zealand, and you are not prepared to answer the questions that are put to you. If you look at this memorandum you will see that there were forty thousand sheep shorn in 1888, at the time when Mr. Hunter made his valuation?—I am not able to say anything about it. I was not there at the time, so I cannot say.

144. If you will look at Mr. Hunter's valuation and statement there you will find that it verifies that?—I will put in Mr. Hunter's valuation for what it is worth. I have no means of saying.

145. The memorandum says there was a return of £13,285 too?—I know nothing of it. I was not there at the time.

146. *Mr. Hall.*] Do you admit that this is the bank's memorandum?—I cannot say anything about it.

147. Do you admit that this is Mr. Hunter's valuation?—It is a copy of it.

148. Then, how do you reconcile the valuation of Mr. Hunter in 1888 with the bank's memorandum?—I am quite unable to say anything as regards the memorandum. I do not know that that was the bank's memorandum. It may have been the auctioneer's.

149. It is signed by the bank, and it is signed by C. B. Hoadley and Co., on behalf of the bank and with the bank's full consent. Would it be your opinion that this is the bank's memorandum? —I have no opinion to express of any date prior to my knowledge.

150. You know this document?—That is a copy of Mr. Hunter's valuation.

151. That is within your own knowledge?—That is prior to my knowledge, but it is a document and speaks for itself.

152. Which is brought from the bank?—Yes.

153. Now it says there that there were forty thousand sheep on the estate in 1888?—Yes, but I do not know that.

154. *The Chairman.*] Who was the officer at Napier at that time?—I think it was Mr. Balfour.

155. *The Chairman* (to Captain Hamilton).] Who was the officer at Napier at that time, Captain Hamilton?—Mr. Balfour was in charge of the branch bank at Napier at that time.

156. *Mr. Hall.*] How many thousand acres were in grass on this estate when this valuation was made, Mr. Foster?—I could not tell you.

Mr. Herries: Perhaps Captain Hamilton could.

Captain Hamilton: To the best of my recollection there were quite 20,000 acres of land in grass.

Mr. Foster: Surface-sown.

Captain Hamilton: That is better than most of the ploughing that has been done since.

157. *Mr. Hall.*] Mr. Foster, Mr. Hamilton says there were about 30,000 acres; how many acres did you fell?—From first to last about 10,000.

158. The statement here says there were 22,000 acres in grass?

159. *The Chairman.*] Will you hand that valuation of Mr. Hunter's to the Committee, Mr. Foster?—Yes. The valuation of Mr. Hunter is as follows:—"Mangatoro: The Mangatoro Estate consists of about 30,700 acres of hilly country, of limestone and papa formation, with gravel and alluvial flats intervening. With the exception of a few spurs on the lower portion of the estate, which have a cold, sour clay soil, but which could be improved by surface-drains and ploughing, the whole of the hill country to the highest elevation seems to be especially well adapted to carry permanent pasture when properly sown and judiciously stocked. The estate is well watered by the Mangatoro, Mangamairi, and numerous smaller streams, tributaries of the Manawatu River, which skirts the property on its northern boundary. A plentiful supply of fine timber—totara, rimu, and matai—on the outskirts of the property is available for building and fencing; and it may be noted that, owing to the quantity of bush surrounding it, as well as to its elevation, the estate is less subject to drought than other parts of the Hawke's Bay District. Seventy-five miles of substantial wire fences, well put up, have already been erected; about six miles more fencing, of which two miles and a half have been authorised, is required to complete the ring fence, which, with the Manawatu River, will enclose a block of 26,350 acres. Of this area about 22,000 acres are improved, surface-sown, and subdivided into convenient paddocks averaging about 800 acres each; and 4,350 acres are unimproved, mostly covered by scrub and light bush. This block of 4,350 acres should be cleared and sown as soon as possible, not only to complete the area within the ring fence, but because, owing to the Wainui Road passing through its entire length, there is considerable danger of its being permanently injured by accidental fires before it is felled and ready for burning. I may add that by clearing and sowing this scrub-land the increased area of pasture will greatly facilitate the management of the sown fern-lands, while the cost of the work will be proportionately small as compared with the increased returns. When all the land inside the ring fence has been dealt with there will still remain outside the fence about 4,600 acres of scrub and bush. A certain portion of this last might be cleared each year, burnt off, and sown with rape, to supply winter feed for the young stock, as part of the ordinary working-expenses of the run. In this way no ploughing for turnip or other winter feed will be required until the whole of the estate has been put down into pasture. For bush-clearing tenders should be called in January, the work should be commenced by March, and completed not later than the 31st July, to insure a good burn sufficiently early to sow rape. All the fern land on the estate is practically now sown, and, with the exception of the clay spurs above alluded to and perhaps a few portions which were stocked before burning, the result of the surface-sowing is highly satisfactory, and does credit to the management, as, although much may be due to the quality of the soil, there is every evidence of good judgment in the selection of seeds, and of great care both in the sowing and after-treatment of the pastures. The sheep—crossbred Cotswold—are looking fairly well; but I am of opinion that the run at present is fully stocked with the thirty thousand sheep on it, and that this number should certainly not be increased until a larger area of grass is got in. As far as I could judge, about 80 per cent. of lambs should be dropped this year, and with fourteen thousand breeding-ewes the increase will be about eleven thousand five hundred. Ten thousand sheep at least should be disposed of before the next winter, and most, if not all, the wether lambs should be sold, too, soon after weaning, and, say, five thousand cull ewes and old wethers got rid of as soon as they are no longer required to keep down the fern. The Mangatoro flock appears to yield a superior clip of wool, which commands a higher price in the London market than the average run of crossbred wool. Last year twenty-six thousand gave 169,692 lb. of wool, which netted, as per account sales, £5,540 16s. 6d., being an average of over 7½d. per pound, and over 6½ lb. of wool per sheep. During the two previous years the clip averaged over

7 lb. per sheep, and netted over 8d. per pound. I am informed that last season was the worst ever experienced in Hawke's Bay, the clip being consequently reduced both in quality and quantity. Mr. Hamilton seems to be quite confident of being able to maintain the character of his flock by carefully culling his ewes and selecting his rams. A few first-class long-wool rams for the stud flock are much required, and authority should be given to procure these at once. It will be also necessary to decide as soon as possible what the future policy is to be with respect to the further development or otherwise of the run, and whether any steps should be taken to secure the freehold. As regards the further development, I have already stated what I think should be done. I have only now to add—First, the whole of the unimproved land is, as regards soil and its adaptability to carry grass, equal to the best of the land on the estate, and when compared with other land in the Hawke's Bay District it is only inferior to the rich alluvial flats; second, I estimate that an expenditure of about £9,000 will be required to clear, grass, and subdivide the unimproved land inside the ring fence, and that the carrying-capacity of the run will then be increased to forty thousand; third, by clearing 1,000 acres each succeeding year outside the ring fence the number of sheep can be further increased to the extent of fifteen hundred each year until the whole of the estate is sown down in grass, when I estimate it will carry forty-eight thousand, and, say, a thousand head of cattle. By the quarterly returns sent in there seems to have been a very heavy loss of sheep between the 31st March, 1887, and the 31st March, 1888, but I did not discover this until I had returned to Napier and examined the account. I have written to Mr. Hamilton to explain the deficiency, and to carefully check the count during shearing. In conclusion, I may say, after riding over the whole of the estate and thoroughly inspecting it, I consider Mangatoro one of the finest sheep-runs of its size that I have seen in the colony, and regard it as a most valuable property, well worth developing to the utmost extent.—WALTER HUNTER. 2nd November, 1888."

Valuation of Run and Stock on 31st. March, 1888.

Land, freehold value—	£	£
22,000 acres in grass at £3 5s. per acre	71,500	
8,000 acres scrub at £1 10s. per acre	12,000	
30,000		83,500
Fencing—75 miles at £100 per mile		7,500
Dwellinghouse, buildings, plantations, &c.		3,000
Live-stock—	£	
30,000 sheep at 6s.	9,000	
700 head of cattle at £2 10s.	1,750	
		10,750
		104,750

Debt on 31st March, 1888, £68,000.

W. H.

Estimated Expenditure.—Proposed Improvements.

	£
Clearing inside ring fence, 4,350 acres, at £1	4,350
Cost of seed, carting, and sowing, 4,350 acres at 12s.	2,610
Fencing to complete ring fence and subdivisions, 15 miles at £120 per mile	1,800
	8,760
Cost of clearing, seed, and fencing yearly outside ring fence, 1,000 acres rape and grass at £2 per acre	2,000
	10,760

Returns.

		£
Wool from 42,500 sheep at £200 per 1,000 sheep		8,500
Sale of surplus sheep, 13,000 at 7s.		4,550
" " cattle, say		500
		£13,550
Working-expenses, £90 per 1,000 sheep	£3,825	
Rent	500	
		4,325
Net return		9,225

W. H.

Captain Hamilton: Of course the facts in this petition have been got from me, and I may say that in my wildest conception of what had taken place I could not possibly have thought that £52,000 had been spent outside of buying the freehold.

Mr. Foster: No, you say that nothing had been spent.

Mr. J. BUTT examined. (No. 3.)

160. *The Chairman.*] What is your full name, Mr. Butt?—J. M. Butt.

161. What is your occupation?—I am a commission agent.

162. Where are you resident?—In Wellington.

163. *Captain Hamilton.*] What I want to ask you, Mr. Butt, is if you recollect the time that Mr. Murdoch, at that time managing director of the Bank of New Zealand, made a proposal to me that if I could find half of the money that I then owed the Bank of New Zealand—which was about £28,000 at that time—that he would allow that advance to go on first mortgage, and that

the bank would take second mortgage for the balance. I may help your memory, perhaps, by saying that this offer was made direct, also on my account, from Mr. Murdoch to Mr. Aitken Connell, who was a financial agent in Auckland, and who was to have received a commission from me for obtaining the loan. Mr. Aitken Connell had interviews with you on the subject. Do you remember the circumstances?—At what time?

164. It was only made once to you—I am quite sure of that—as far as I am concerned, and it would be some considerable time before the property was sold and bought in by the bank, say twelve months, or perhaps more than that?—Well, I cannot say that I have any recollection whatever of the transaction that you mention. I do not recollect it at all. I may state that from May 1888, to the end of March, 1889, I was in England.

165. Then it must have been before that?—At all events I do not recall it.

166. Do you remember Dr. Campbell making and giving me a pencil memorandum—giving me a copy of the memorandum—of the advice he gave to the Board, that he considered the proposal to sell Mangatoro a bad one, and that it had better be abandoned. Dr. Campbell gave it to me and I gave it to you afterwards?—I do not recall it. It appears that some documentary proof has been brought to-day of such offers being made. I did not know they were in writing.

167. *The Chairman.*] Were you connected with the bank at the time, Mr. Butt?—Yes.

168. Suppose such an occurrence did take place, were you likely to have remembered it?—I do not think so. There has been a great deal of worry in connection with the bank, and many things have occurred, and I cannot tax my memory of so long ago.

169. You have no reason to say that such an occurrence did not take place, or could not have taken place?—Oh, no.

170. *Mr. O'Meara.*] In 1889 was the bank in want of money at that particular time? Were they pressing their clients—those who had overdrafts—to pay them up?—Not that I remember. In 1889, that would be shortly after the issue of fresh capital in London. They had sufficient money to carry on their business.

171. *Mr Herries.*] Who was president of the bank then?—I do not remember.

172. Was it at the time that Major George and Mr. Colbeck were on the directorate?—I think it was, but I am not quite sure.

EXHIBITS.

EXHIBIT A.

Extract from Agreement *re* Grass-seed, Etc.

— shall not bind any of the creditors executing the same until all the creditors named in the said schedule shall have executed the same. In witness whereof the said parties have hereunto subscribed their names and affixed their seals.

Schedule hereinbefore referred to.

Names of Creditors.	Promissory Notes due 16th January, 1890.			Promissory Notes due 16th January, 1891.		
	£	s.	d.	£	s.	d.
Murray, Roberts, and Co. (grass-seed)	47	3	6	49	8	5
Rochfort, J. (survey)	77	12	3	81	6	2
Blythe and Co. (interpreter, title)...	37	15	2	39	11	2
Hobson, G. (grass-seed)	65	0	8	68	2	7
Smith, R. (cattle)	190	10	6	199	11	11
Neal and Close (private)...	132	6	5	138	12	4
Jones, A. (farm implements)	14	4	2	14	17	8
Wardrop and Co. (general supplies, grass, and carriage)	372	11	8	390	6	4
Orr, J. (T. Tanner) (grass-seed)	163	10	5	171	6	1
Lyndon, E. (grass-seed)	177	7	3	185	16	1
Dinwiddie, Walker, and Co. (private)	21	2	9	22	2	10
Williams, J. N. (grass-seed)	149	3	11	156	5	11
Ruddock and Fryer (building material)	49	11	2	51	18	4
Karaitiana's Estate (grass-seed)	228	9	4	239	6	10
Welsman, J. S. (private)...	43	8	5	45	9	8
Allardice, J. (men's board, &c.)	46	3	2	48	7	1
Sutton, F. (grass-seed)	73	10	0	77	0	0
Hoadley and Co. (grass-seed)	15	0	2	15	14	5
Russell, W. R. (grass-seed)	82	11	3	86	9	10
Large, J. S. (private)	332	13	2	348	10	0
Rathbone, W. (grass-seed)	62	12	9	65	12	4
Holder, H. R. (private)	8	15	10	9	4	2
Martin, J. (Morrison, solicitors, Wellington) (wool carriage)	46	5	4	48	9	5
	£2,437	9	3	£2,553	9	7

Signed, sealed, and delivered by the said George Douglas Hamilton in the presence of—
James S. Large.

Signed, sealed, and delivered by the abovenamed creditors in the presence of the attesting witness whose signature appears opposite to the signature he so witnessed.

EXHIBIT B.

EXPENDITURE ON IMPROVEMENTS, MANGATORO.

	£	s.	d.
Falling 8,500 acres scrub, at £1 2s. per acre	9,350	0	0
Grassing same, at 16s. per acre	6,800	0	0
Fencing same, at 6s. per acre	2,555	0	0
Burning same, at 1s. per acre	425	0	0
Fencing and grassing 9,500 acres fern-land, at £1 2s. per acre	11,000	0	0
500 cows, at £4 per head	2,000	0	0
15 bulls, at £20 per head	300	0	0
200 rams, at £4 per head	1,200	0	0
100 stud ewes, at £5 per head	500	0	0
Forming cattle-station yards, &c.	700	0	0
Purchase of sheep	3,170	0	0
Total	38,000	0	0

RETURNS.

		£	s.	d.
Wool from 45,000 sheep, at £200 net per 1,000		9,000	0	0
15,400 sheep sold at an average of 6s. per head		4,620	0	0
550 head cattle, at £4 10s. per head		2,475	0	0
Sundries		150	0	0
		16,245	0	0
Less working-expenses	£6,000 0 0			
„ rent	500 0 0			
		6,500	0	0
Total		9,745	0	0

E. and O. E.

NOTE.—In calculating the wool-money the lambs' wool is given in lambs not counted, thus arriving at 7 lb. per head for all grown sheep shorn, and taking this at 7d. per pound net average.

In calculating the returns from the property for the thirty-seven years after it was developed credit would have to be given for the valuation clause in the lease for the unexhausted improvements.

ALFRED R. LYONS.
A. MCHARDY.

14th August, 1886.

EXHIBIT C.

The Northern Investment Company of New Zealand, (Limited),
Napier, N.Z., 23rd March, 1888.

SIR,—
G. D. Hamilton.

Subject to your approval, we are prepared to lend £40,000 at 6½ per cent. for three years upon Mangatoro 82N. [Security to be Mr. Hamilton's freehold and leasehold interests, with sheep and cattle now depastured on the run. Interest payable half-yearly in August and February. Mortgage to be in form used by this company. We will protect you as regards wool lien in any reasonable way you may require. Our money is immediately available. Will you please give me a reply by noon on the 26th March instant.

I am, &c.,
ROBERT DOBSON, Manager.

The Manager, Bank of New Zealand, Napier.

EXHIBIT D.

LAND SALE.

Monday, 25th March, 1889, at 2 o'clock p.m.

C. B. HOADLEY AND CO.

Have been instructed by the Registrar of the Supreme Court, Napier, to sell at their rooms, Napier, by public auction, on the above date—

THAT valuable freehold and leasehold estate known as the "Mangatoro" Station, comprising 30,750 acres, and being the Mangatoro Block No. 82N, situated about eight miles from Dannevirke Railway-station.

The property has been greatly improved, and is subdivided into numerous paddocks, with ample water-supply. The homestead is a handsome and substantial mansion, replete with every convenience.

The share of one grantee out of ten has been acquired in freehold, and the shares of the remaining nine have been leased for a term of years expiring on 1st January, 1930.

Facility will be given for inspection of the property prior to date of sale.

Also, at the same time and place, will be sold 31,000 sheep and 700 head of cattle depasturing on the above property.

For further particulars apply to the auctioneers.

PAUL A. F. BIRCH,
Registrar Supreme Court.

Supreme Court Office, Napier, 8th February, 1889.

FURTHER PARTICULARS OF ABOVE OFFICIAL ANNOUNCEMENT.

Mangatoro is situated about eighty miles from Napier and eight miles from the Dannevirke Railway-station, on the main Napier–Wellington line. The property consists of 27,750 acres of leasehold and 3,000 acres of freehold. Formation of country—healthy, limestone and papa hills, and alluvial flats. About 22,500 acres are cleared and laid down in English grasses. The whole is well watered, and subdivided into numerous convenient blocks by about eighty miles of substantial fencing. The unimproved portion is situated on the outskirts, and is covered chiefly with scrub, besides valuable marketable timber—viz., totara, rimu, matai, &c. The buildings include a modern mansion, outhouses, wool and shearing sheds, &c. The whole property is in first-class order, the result of an immense outlay judiciously expended during the past few years. The sheep may be described as one of the best crossbred flocks in Hawke's Bay, being made up of a fair proportion of both sexes of mixed ages. In 1887 (the worst year ever experienced in the province, owing to drought and low prices for produce) 26,000 sheep were shorn, the wool-returns netting £5,540 16s. 6d. Last year (1888) the total number shorn was 40,000, the returns for which have yet to be received from London. It may here be mentioned that it is not intended to stock the country this coming winter with more than 31,000 sheep and 750 cattle, besides horses. The carrying-capacity, however, is every year becoming greater, as the improvements now being carried on are completed.

Mangatoro is a property that cannot here be fully and justly described, and it is for the practical capitalist to make a personal inspection of the estate, when he will better realise the returns it can be made to produce at a comparatively low expenditure for management, &c.

A professional valuer was engaged by the mortgagees to report on the property in November last year, and he concluded his remarks as follows: viz., "I may say after riding over the whole of the estate and thoroughly inspecting it, I consider Mangatoro one of the finest sheep-runs of its size that I have seen in the colony, and regard it as a most valuable property, well worth developing to the utmost extent."

Memoranda.

40,000 sheep were shorn in 1888, returns yet to be received from London, estimating them at a low figure, say, £225 per 1,000, is ...	£9,000
10,300 sheep sold this season, consisting of store wethers, lambs, and old ewes, realised...	3,085
2,000 wethers frozen for the London market, estimated to return 12s. per head	1,200
Total	£13,285

The lease (with improvement clause) has forty-one years to run at an annual rental of £207 to 1st January, 1890; after that date it increases at various periods to £690.

The terms of payment will be cash in one month.

Every facility will be afforded the *bonâ fide* inquirer to inspect the country prior to date of sale.

EXHIBIT E.

Receipts for Year ending the 31st March, 1889.

	£	s.	d.
Credits taken from bank-book	3,214	11	2
Estimated value of clip, which as present prices may reach	7,000	0	0
Estimated value of 1,750 freezing-wethers at 12s., £1,050; value at present prices, about	2,450	0	0
Credit by 100 ram lambs at £3 3s. bred	315	0	0
	£12,979	11	2

Wool sold, 473 bales, £6,514 19s. 11d.

Expenditure of Year ending the 31st March, 1889.

	£	s.	d.
Interest as per bank-book at 8 per cent.	5,574	7	5
Sheep bought	1,234	9	10
Working-expenses	2,554	17	3
Rates, taxes, and carriage of wool to port	887	11	4
Total	£10,251	5	10

Mangatoro, 29th June, 1889.

EXHIBIT F.

Sir,— Napier, 12th September, 1902.

I am glad to see that a Commission has been set up to investigate the Mangatoro matter, and I wish you success. I see by the press telegrams that the Bank of New Zealand is reported to have bought the property in at £50,000. If my memory serves me, the figure was only £5,000.

At the time the bank foreclosed I considered you were harshly treated, as the figures in connection with the estate showed good interest was being earned, and with time there was every reasonable prospects of your liability to the bank being considerably reduced.

You are aware that you always had my sympathy in this matter, and I now hope you may receive tardy justice. I pen this merely as a sympathiser, and you are at full liberty to use it in any way you please.

Yours, &c.,

C. B. Hoadley.

G. D. Hamilton, Esq., Hotel Cecil, Wellington.

EXHIBIT G.

Re *Mangatoro*.

Napier, 13th July, 1891.

SIR,—

In reply to your letter of the 7th instant, I am instructed to inform you that your suggestion that a discharge from your liability in respect of this block should be granted to you cannot be entertained.

Yours, &c.,
A. J. COTTERILL.

G. D. Hamilton, Esq., Napier.

EXHIBIT H.

MANGATORO ESTATE.—Area, 30,754 Acres.

Homestead (No. 1) Block	...	15,200
South (No. 2) Block	...	15,554
		30,754

Freehold.

No. 1 Block ...	3,536	
No. 2 Block ...	15,154	18,690

Leasehold.

No. 1 Block ...	11,664	
No. 2 Block ...	400	12,064
		30,754

Areas are approximate, but substantially correct.
Price, £170,000 for land and improvements.
The Assets Realisation Board, Wellington, 26/8/96.

I.

Napier, 21st August, 1871.

RECEIVED from Messrs G. D. Hamilton and A. Grant receipts to the amount of £10,878 (ten thousand eight hundred and seventy-eight pounds) sterling, and £1,122 (one thousand one hundred and twenty-two pounds) cash, making £12,000 (twelve thousand pounds), being the amount placed in their hands by the Native owners of the Seventy-mile Bush.

S. LOCKE.

EXHIBIT J.

Bank of New Zealand, Napier, 26th August, 1890.

SIR,—

In terms of the agreement between the Bank of New Zealand and yourself of the 7th May, 1889, you will be good enough to take notice of the termination of your engagement as manager of the Mangatoro Station.

In terms of clause 8 of the agreement the bank has decided, in lieu of the two calendar months' notice provided, to pay to you two calendar months' salary in advance; and the sum of £83 6s. 8d., being for salary up to the 1st November, 1890, is herewith handed to you by the bearer of this letter, Mr. McCair, who is authorised to take possession of the property.

You will be good enough to comply with the provisions contained in the 8th clause of the abovementioned agreement, by which you are to give up possession of the dwellinghouse and to leave the property within seven days after payment to you of the amount in lieu of notice.

Yours, &c.,
T. W. BALFOUR,
Manager at Napier of the Bank of New Zealand.

George Douglas Hamilton, Esq., Mangatoro.

EXHIBIT K.

THE valuation of Mr. Hunter is as follows:—"Mangatoro: The Mangatoro Estate consists of about 30,700 acres of hilly country, of limestone and papa formation, with gravel and alluvial flats intervening. With the exception of a few spurs on the lower portion of the estate, which have a cold, sour clay soil, but which could be improved by surface-drains and ploughing, the whole of the hill country to the highest elevation seems to be especially well adapted to carry permanent pasture when properly sown and judiciously stocked. The estate is well watered by the Mangatoro, Mangamairi, and numerous smaller streams, tributaries of the Manawatu River, which skirts the property on its northern boundary. A plentiful supply of fine timber—totara, rimu, and matai—on the outskirts of the property is available for building and fencing; and it may be noted that, owing to the quantity of bush surrounding it, as well as to its elevation, the estate is less subject to drought than other parts of the Hawke's Bay District. Seventy-five miles of substantial wire fences, well put up, have already been erected; about six miles more fencing, of which two miles and a half have been authorised, is required to complete the ring fence, which, with the Manawatu River, will enclose a block of 26,350 acres. Of this area about 22,000 acres are improved, surface-sown, and subdivided into convenient paddocks averaging about 800 acres each; and 4,350 acres are unimproved, mostly covered by scrub and light bush. This block of 4,350 acres should be cleared and sown as soon as possible, not only to complete the area within the ring fence, but because, owing to the Wainui Road passing through its entire length, there is considerable danger of its being permanently injured by accidental fires before it is felled and ready for burning. I may add that by clearing and sowing this scrub-land the increased area of pasture will greatly facilitate the management of the sown fern-lands, while the cost of the work will be proportionately small as compared with the increased returns. When all the land inside the ring fence has been dealt with there will still remain outside the fence about 4,600 acres of scrub and bush. A certain portion of this last might be cleared each year, burnt off, and sown with rape, to supply winter feed for the young stock, as part of the ordinary working-expenses of the run. In this way no ploughing for turnip or other winter feed will be required until the whole of the estate has been put down into pasture. For bush-clearing tenders should be called in January, the work should be commenced by March, and completed not later than the 31st July, to insure a good burn sufficiently early to sow rape. All the fern land on the estate is practically now sown, and, with the exception of the clay spurs above alluded to and perhaps a few portions which were stocked before burning, the result of the surface-sowing is highly satisfactory, and does credit to the management, as, although much may be due to the quality of the soil, there is every evidence of good judgment in the selection of seeds, and of great care both in the sowing and after-treatment of the pastures. The sheep—crossbred Cotswold—are looking fairly well; but I am of opinion that the run at present is fully stocked with the thirty thousand sheep on it, and that this number should certainly not be increased until a larger area of grass is got in. As far as I could judge, about 80 per cent. of lambs should be dropped this year, and with fourteen thousand breeding-ewes the increase will be about eleven thousand five hundred. Ten thousand sheep at least should be disposed of before the next winter, and most, if not all, the wether lambs should be sold, too, soon after weaning, and, say, five thousand cull ewes and old wethers got rid of as soon as they are no longer required to keep down the fern. The Mangatoro flock appears to yield a superior clip of wool, which commands a higher price in the London market than the average run of crossbred wool. Last year twenty-six thousand gave 169,692 lb. of wool, which netted, as per account sales, £5,540 16s. 6d., being an average of over 7½d. per pound, and over 6½ lb. of wool per sheep. During the two previous years the clip averaged over 7 lb. per sheep, and netted over 8d. per pound. I am informed that last season was the worst ever experienced in Hawke's Bay, the clip being consequently reduced both in quality and quantity. Mr. Hamilton seems to be quite confident of being able to maintain the character of his flock by carefully culling his ewes and selecting his rams. A few first-class long-wool rams for the stud flock are much required, and authority should be given to procure these at once. It will be also necessary to decide as soon as possible what the future policy is to be with respect to the further development or otherwise of the run, and whether any steps should be taken to secure the freehold. As regards the further development, I have already stated what I think should be done. I have only now to add—First, the whole of the unimproved land is, as regards soil and its adaptability to carry grass, equal to the best of the land on the estate, and when compared with other land in the Hawke's Bay District it is only inferior to the rich alluvial flats; second, I estimate that an expenditure of about £9,000 will be required to clear, grass, and subdivide the unimproved land inside the ring fence, and that the carrying-capacity of the run will then be increased to forty thousand; third, by clearing 1,000 acres each succeeding year outside the ring fence the number of sheep can be further increased to the extent of fifteen hundred each year until the whole of the estate is sown down in grass, when I estimate it will carry forty-eight thousand, and, say, a thousand head of cattle. By the quarterly returns sent in there seems to have been a very heavy loss of sheep between the 31st March, 1887, and the 31st March, 1888, but I did not discover this until I had returned to Napier and examined the account. I have written to Mr. Hamilton to explain the deficiency, and to carefully check the count during shearing. In conclusion, I may say, after riding over the whole of the estate and thoroughly inspecting it, I consider Mangatoro one of the finest sheep-runs of its size that I have seen in the colony, and regard it as a most valuable property, well worth developing to the utmost extent.—WALTER HUNTER. 2nd November, 1888."

Valuation of Run and Stock on 31st March, 1888.

	£	£
Land, freehold value—		
22,000 acres in grass at £3 5s. per acre	71,500	
8,000 acres scrub at £1 10s. per acre	12,000	
30,000		83,500
Fencing—75 miles at £100 per mile		7,500
Dwellinghouse, buildings, plantations, &c.		3,000
Live-stock—	£	
30,000 sheep at 6s.	9,000	
700 head of cattle at £2 10s.	1,750	
		10,750
		104,750

Debt on 31st March, 1888, £68,000. W. H.

Estimated Expenditure.—Proposed Improvements.

		£
Clearing inside ring fence, 4,350 acres, at £1		4,350
Cost of seed, carting, and sowing, 4,350 acres at 12s.		2,610
Fencing to complete ring fence and subdivisions, 15 miles at £120 per mile		1,800
		8,760
Cost of clearing, seed, and fencing yearly outside ring fence, 1,000 acres rape and grass at £2 per acre		2,000
		10,760

Returns.

		£
Wool from 42,500 sheep at £200 per 1,000 sheep		8,500
Sale of surplus sheep, 13,000 at 7s.		4,550
" " cattle, say		500
		£13,550
Working-expenses, £90 per 1,000 sheep	£3,825	
Rent	500	
		4,325
Net return		9,225

W. H.

Approximate Cost of Paper.—Preparation, not given; printing (1,200 copies), £18 5s.

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