

86. Who is best acquainted with it?—I think Mr. Butt would have the best knowledge. We found it an accomplished fact, and accepted it as such.

87. Have you got the correspondence—you say you inquired?—No doubt the bank has got that correspondence.

88. Will you take a note to produce it at the next meeting?—Yes; I will take a note to see.

89. Passing on now to the Colonial Bank and the amalgamation, as far as your knowledge is concerned, can you tell me what were the first negotiations made for amalgamation since you have been a director?—The question arose immediately after the arrangements were completed which were embodied in the Bank of New Zealand and Banking Act of 1895.

90. I want the first proposal of 1894?—I have no knowledge of that. I am referring to the negotiations which resulted in the purchase of the Colonial Bank.

91. Then, the first proposal on the 7th September, 1894, was made before you were a director?—I have no knowledge of that. I became a director on the 25th September.

92. You are aware of this proposed amalgamation, and the papers relating to it, of 1894. Do you say you have no knowledge of the circumstance?—I have no knowledge, except what is known to everybody through the public Press.

93. After this first proposal, what were the negotiations which were opened again?—The first negotiations we had anything to do with were those which arose during Parliament of last year.

94. What was the date of the beginning of the negotiations?—I cannot give you the date.

95. Was it early in 1895?—It was during the session of 1895.

96. Were there any overtures made before the session?—I have no recollection of overtures at that time.

97. Who was it negotiated it?—The President of the bank was practically the mover in the matter, so far as the directors are concerned. He was the medium of communication from the directors of the Colonial Bank to us.

98. Did he communicate by direction of the directors always?—No. There were no specific instructions given to him. He brought the matter up before the board and we were very willing to negotiate as soon as they were prepared to submit any offer to us.

99. Then, were the board aware that the President was privately negotiating? You said he brought the matter up from time to time before the board. I understand that he must have been negotiating with the Colonial Bank in order to bring it up?—He knew the Colonial Bank were willing and anxious to sell, and that we, on behalf of the Bank of New Zealand, were willing and anxious to buy; and out of that arose the negotiations which culminated in the purchase.

100. Were the negotiations conducted by the President, or was the official instructed from time to time by the directors?—The negotiations were conducted and taken possession of from the beginning by the directors of the Bank of New Zealand.

101. Who introduced the subject?—It is not easy to say or define exactly how a matter of that kind can be started. It was a natural and inevitable act which arose from the fact that the directors of the Colonial Bank wanted, and had liberty, to sell, and we, on the other hand, wanted to buy. It required very little to bring us together, under these circumstances; and, once we began to speak on the matter and open negotiations, the directors of the two banks took charge of the business.

102. Were there written negotiations—communications?—There were no written negotiations that I am aware of. We asked at once—when we knew they were open to treat with us—the books of the bank, and we sent a messenger to get them; but there were no formal writings that I am aware of between the directors of the two banks.

103. Were there any between any of the directors of one bank and the other?—I have no knowledge of such.

104. Have any documents in connection with this amalgamation been destroyed?—I think not. I have no knowledge of the destruction of any documents.

105. Was not at one time the amalgamation proposal off? Did you separate?—Yes, that is so, and a lot of notes that were made were destroyed; but they were all renewed and rewritten when the negotiations were renewed. We took the books afresh, and went over the whole ground afresh.

106. Have you got those renewed notes?—I have got no notes. I am not aware of the existence of any notes that could be of any use, because the substance is embodied in the arrangements that were made. In going through an account, for example, you make a pencil-note as to the value of the account and come to a definite conclusion, and you note that. That is all that would be available in any case, and that is embodied in the agreement and in the lists.

107. Were there not draft schemes for amalgamation?—I do not think so. It was practically a gradual evolution arising from the examination, and discussion continued during a considerable number of weeks. There was no formal scheme, to my knowledge, ever set out.

108. No formal scheme until the actual one was brought before Parliament?—Well, of course, the scheme that was submitted to Parliament was threshed out and fairly settled amongst ourselves, or we should not have been in a position to submit it; but I know of no definite scheme other than the one that was practically submitted to Parliament, and which was the result of the discussions and negotiations which had been carried on for some time.

109. Did not the Colonial Bank want to have everything in the "A" list at one time?—Naturally. It was because they wanted all in the "A" list and we wanted some in the "B" list that we had so much trouble in coming to a conclusion.

110. It took some time to draft this agreement?—Yes, it did.

111. Are there not some drafts of the agreement?—No, there are no drafts. The nearest approach to a draft outlining the scheme finally agreed upon would be some pencil-notes Mr. Macarthy has. As a matter of fact, the agreement was the gradual growth from day to day of the discussion that was going on.