

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 Joseph Rhodes having had a disagreement with the Bank of New Zealand, and sold his shares and withdrawn his account, when he found that this £40,000 was to go to make business for the Bank of New Zealand, he stopped it.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