

He also said that he wrote up the value of the "Codrington" from £70,000 to £150,000 "on information supplied" to him (see page 914). He was then asked—

What information, and supplied by whom? First of all, supplied by whom?—By the company.

By what individual, please?—By Mr. Lysnar.

Now tell me what information?—I have told you.

You just said you wrote up the value of the "Admiral Codrington" from £70,000 to £150,000 upon information supplied to you by Mr. Lysnar. I ask you, what was that information?—The information that that was a fair valuation of the "Admiral Codrington."

At page 915 he admitted that he did not know whether or not there had been attempts in 1923 to sell the ship, and that he had not made any independent inquiries as to the value of ships at that time, or as to the relative value of ships in 1920 and 1923; and he went on to say—

You have an advance against the ship of £60,000 made by a bank, and that bank would not make an advance or continue an advance without a substantial margin.

He was asked whether Mr. Lysnar had told him anything about any guarantee of the £60,000, and he answered "No"; and it seems that he did not know the mortgage was guaranteed, nor the circumstances under which the money was lent. He was further asked—

Then, without knowing anything about the circumstances under which the £60,000 was lent, without knowing it was guaranteed or anything about it, you simply assumed that the ship must be worth more than the amount of the mortgage?—I think common-sense would tell you that a ship was worth more than that.

When the letter from Messrs. Wilson and Foulis, dated the 17th October, 1923, is read we think that there was no justification for Mr. Mountfort's estimate of £150,000 as the value of the steamer. We think that the information supplied to Mr. Mountfort was not worth the consideration which he evidently gave to it.

The National Bank of New Zealand (Limited), in its reconstructed balance-sheet, puts the "Codrington" down as of the value of £70,000 against the company's balance-sheet value of about £400,000. In view of the contents of the letter from Wilson and Foulis, and certain cables on the "Codrington" file, and certain other documents before us, we think that this valuation of the National Bank was not far wrong.

In the early part of the inquiry Mr. Lysnar seemed to be inclined to brush aside the question of the value of the steamer, because, on page 86, speaking of the value of the steamer, he said, "That does not concern this Commission." At page 899, however, the following statement appears: "The crux of the matter does seem to be—and you yourself know it, Mr. Lysnar—as to the real value of those two main items in your company's assets." And Mr. Lysnar answered, "That is so."

WAIPAPOA WORKS AND THEIR VALUE.

The other main asset of the company was, of course, the works. The National Bank took these works at their book value of some £220,000. Mr. Mountfort wrote up the value of the works from book value to £400,000. It is therefore essential to consider carefully what was the real or fair value of Mr. Lysnar's works in September–November, 1923. We propose, therefore, to deal now with the evidence relating to the value of these particular works, and also as to the value of freezing-works in New Zealand in 1923.

POSITION GENERALLY.

It was established both by witnesses called by Mr. Lysnar as well as by witnesses called by other counsel that, possibly owing to the disturbance of conditions during the war period and the lack of shipping facilities, an overestimate had been made of the permanent need for freezing-works in the Dominion. The evidence shows that there were in 1923, and are now, a greater number of freezing-works in New Zealand than are justified from an economic standpoint.

Mr. Duxfield, a witness called by Mr. Lysnar, was inclined to blame the Government for this. Under cross-examination, however, he admitted that the Government did not urge that more freezing-works should be built, but had merely