

Mr. Jolly was cross-examined, as appears in the notes of evidence; and, as this is an important matter, we attach certain extracts from the evidence. (See Appendix 10).

We have formed the opinion that Mr. Jolly's story is the more correct one, and that he did not know of the political issue being raised until he heard by a telegram from his Gisborne manager that there was a rumour in Gisborne to the effect that Mr. Lysnar proposed to use his political influence in a certain direction towards stopping the proposed sale. We also believe that it was because he heard of the rumour he sent for Mr. Lysnar.

Another matter in which the question of political influence and financial pressure came into issue was in respect of a certain interview which took place between Mr. Jolly and Mr. Lysnar in regard to Mr. Lysnar's own bank account. Notes of the cross-examination of Mr. Jolly about this matter appear at pages 637, 638, and 639. This interview was on the 12th September, and, according to the evidence of Mr. Jolly, was before he had any interview with the Minister of Agriculture about this matter. In our opinion this was a matter between the bank and Mr. Lysnar. It had nothing to do with, was not inspired by, and was not connected with the Minister of Agriculture or any member of the Government in any way.

The matter in respect of which the good faith of Mr. Findlay was attacked was in connection with an interview in which the possible sale of the "Admiral Codrington" to Mr. Findlay's company was discussed between Mr. Lysnar and Mr. Findlay. During the course of the proceedings it was referred to as the "Findlay episode." Connected with this instance was a certain diary entry made by Mr. Jolly. Mr. Lysnar suggested that Mr. Jolly had made this diary entry for the purpose of creating a weapon against Mr. Lysnar. The diary entry is as follows:—

Lysnar informed me that he had put up a proposal to Mr. Findlay (of Shaw, Savill, and Albion Company) that, as the price of Lysnar not assisting or promoting a Shipping Board, the S. S. and A. Company should take over the "Admiral Codrington" at £160/170,000, but that if they did not do so he would press for a Shipping Board, which the Liberal and Labour parties would support, and when the Board was formed the Poverty Bay Meat Company would unload the "Codrington" on to the Board at £150,000. I told him he was mad to make such an offer on such conditions to any one, and that, even if such a Board was formed, I was satisfied neither the Board nor the country would stand for such a deal.

At page 534 the following appears:—

Mr. Jolly has made a note in his diary that you told him that?—No, absolutely. He has made a mistake. I am clear about two things: When I mentioned it to the shipping man I made no offer. I told him that the boat was for sale, and if he wished his people to make an offer it would be entertained. Nothing in the way of an offer was made by me. I am clear on this: that if anything happened—if they sold, it was clearly understood that I would still vote for a shipping line in that House so long as I was there. Those two things I am clear about. In talking with Mr. Findlay, it was understood that the boat was for sale, and if they liked to make an offer they could make an offer. I had better not say what I think.

*The Chairman:* Say what you think?—No, Mr. Chairman.

*Mr. Johnston:* This note means that you had no moral sense at all?—Absolutely; that is what it means. It is untrue. What earthly reason was there for Mr. Jolly to put that note in his diary when I simply told him that the boat was for sale. He must have had an ulterior motive.

It means that you volunteered to Mr. Jolly that your parliamentary vote was for sale?—He has found out that it was not for sale.

This is what he says: "I told him he was mad to make such an offer on such conditions to any one, and that even if such a Board was formed, I was satisfied neither the Board nor the country would stand for such a deal." Do you remember him telling you that?—Nothing at all about that. Mr. Jolly was against the shipping line. He has quite often told me I was mad over that, and I have told him equally straight that he was equally mad the other way.

The cablegram which Mr. Findlay despatched reads as follows:—

245 Confidential. Lysnar offers to dispose of "Admiral Codrington" to Liners after discharge for £160,000 to £165,000. Lysnar is pressing Government for parliamentary inquiry regarding desirability establishing producers line with powers to make levy on cargo exported estimated to yield £250,000 to £300,000 per annum. Lysnar states his object being if Liners will not purchase to dispose of "Admiral Codrington" to suggested producers line. If Liners buy Lysnar undertakes not to press for legislation for a producers line but if pressed by others he would have to appear to support. If legislation passed producers propose to ask Government make advance of £1,000,000 on first four years' levy. We consider there is no prospect of legislation for producers line passing on these lines at present time and we consider scheme fantastic. Presume you will not consider purchase "Admiral Codrington." Please reply.