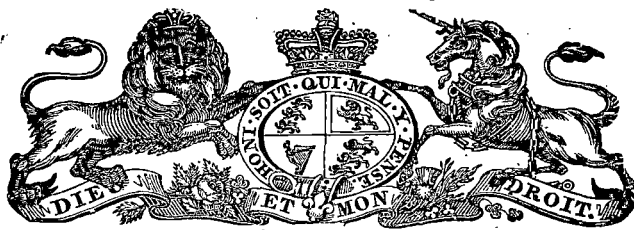


(No. 61.)



1899.

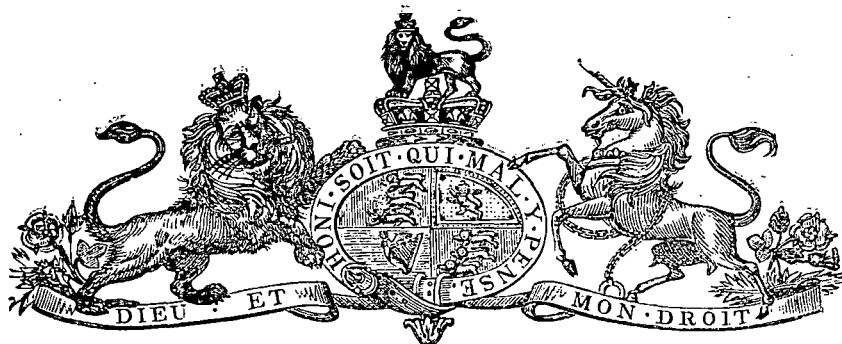
PARLIAMENT OF TASMANIA.

STRAHAN MARINE BOARD INQUIRY:

REPORT OF SELECT COMMITTEE, WITH MINUTES OF
PROCEEDINGS, EVIDENCE, AND APPENDICES.

Brought up by Mr. Lewis, September 29, 1899, and ordered by the House of
Assembly to be printed.

Cost of printing—£184 9s.



SELECT COMMITTEE appointed on the 23rd day of August, 1899, with power to send for persons and papers, to inquire into the circumstances connected with the Macquarie Harbour Bar Contract, the relations of the Strahan Marine Board in regard thereto, and all matters pertaining to the constitution and working of that Board, such Committee to consist of Seven Members, and to be elected by ballot.

MEMBERS OF THE COMMITTEE.

MR. LEWIS.
MR. MACKENZIE.
MR. ARCHER.
MR. DAVIES.

MR. PROBSTING.
MR. AIKENHEAD.
MR. MULCAHY.

DAYS OF MEETING.

Thursday, August 24 ; Friday, August 25 ; Wednesday, August 30 ; Thursday, August 31 ; Friday, September 1 ; Wednesday, September 6 ; Thursday, September 7 ; Friday, September 8 ; Wednesday, September 13 ; Thursday, September 14 ; Friday, September 15 ; Wednesday, September 20 ; Thursday, September 21 ; Friday, September 22 ; Saturday, September 23 ; Monday, September 25 ; Tuesday, September 26 ; Wednesday, September 27 ; Thursday, September 28 ; Friday, September 29.

WITNESSES EXAMINED.

Mr. Donald Norman Cameron, M.H.A. ; Honourable Arthur Morrisby, M.L.C. ; Mr. Arthur George Prater, Secretary of the Marine Board of Strahan ; Mr. Archibald Douglas Sligo, Warden Marine Board of Strahan ; Mr. Edward Laret Hall, Warden Marine Board of Strahan ; Mr. William Prior Hales, Warden Marine Board of Strahan ; Mr. James Joseph Gaffney, M.H.A. ; Mr. John Barrowman, Inspector of Works Marine Board of Strahan ; Mr. Thomas Walter Hungerford ; Honourable William Watchorn Perkins, M.L.C., Solicitor to the Marine Board of Strahan ; Honourable Edward Thomas Miles, Minister of Lands and Works ; Mr. Leslie Miles ; Mr. Charles Napier Bell, C.E., Consulting Engineer Marine Board of Strahan ; Mr. Arthur E. Risby ; Mr. George Steward, Under Secretary ; Mr. F. O. Henry, Warden Marine Board of Strahan.

R E P O R T.

THE Select Committee elected by your Honourable House on the 23rd day of August last, to inquire into the circumstances connected with the Macquarie Harbour Bar Contract, the relations of the Strahan Marine Board in regard thereto, and all matters pertaining to the constitution and working of that Board, has now the honour to submit the following Report :—

1. Since our appointment we have given our unremitting attention to the matters referred to us. We have held 20 meetings, examined 16 witnesses, and perused the documentary evidence submitted to us, which included the minute-book of the Strahan Marine Board, the specifications and tenders for the West Breakwater Contract, and very voluminous correspondence. The evidence of the witnesses is attached to this Report, and selections from the full documentary evidence which we used in arriving at our conclusions will be found printed as an Appendix hereto. Captain Miles and Mr. Morrisby were duly notified of each meeting of the Committee for the examination of witnesses, and were permitted to put such questions to witnesses as they thought proper.

Every facility was also given to them to have such evidence brought before the Committee as they deemed necessary. It will be seen that the evidence is very lengthy, and taken in what appears to be a desultory manner. This is owing to the fact that the Inquiry was not confined to specific points, and as it proceeded new features were developed calling for investigation. It will be found, however, from the very full printed evidence herewith submitted that our Inquiry has been of a most exhaustive character.

2. On the 14th day of November last Captain Miles and Messrs. Driffeld, Hales, and Hall were appointed by the Governor in Council to be Wardens of the Marine Board of Strahan. Early in December last Messrs. Morrisby, Sligo, J. J. Gaffney, F. O. Henry, S. Gaffney, and Robertson were elected Wardens. The Strahan Marine Board was thus duly constituted, and the members were summoned to meet on the 21st December last to elect a Master Warden, for which position Wardens Miles, Morrisby, and J. J. Gaffney were candidates.

3. On the day prior to the election of Master Warden, Warden Miles telegraphed to the Premier, "Advisable give Hall and Hales, *ex officio* Government nominees Strahan Marine Board, a hint to support my candidature as Master Warden, against Gaffney, who is an avowed Government opponent. Election noon to-morrow. Reply." The Premier at first replied, "I cannot say anything to influence the votes of Government nominees." This was, in our opinion, a proper position for the Premier to take up, and one which it would have been better had he not departed from. However, he seems to have quickly changed his mind, for very soon after, on the same day, he telegraphed to Wardens Hall and Hales: "Confidential. Hope Captain Miles will be appointed Master Warden, because of the invaluable Marine Board experience that he will bring to management of the highly important trust in which Government and the people are alike interested;" and also telegraphed to Warden Miles informing him that he had just wired to Hall and Hales, and sending him a copy of his telegram to them. We feel it to be our duty to express strong disapproval of this action of the Premier. It must be remembered that the gentlemen whom he thus tried to influence were Civil Servants, and, therefore, to some extent, bound to pay attention to any intimation received from him. Further than this, they were both professional men of high standing, and possessed of undoubted qualifications for forming a sound judgment without any outside interference.

4. The Premier's telegram had no actual effect on Hall's vote, for he had, before receiving it, promised Miles to vote for him if there was any chance of his being elected; otherwise, he was going to vote for Morrisby. Hales had indirectly given a half promise to support J. J. Gaffney, before he knew that Miles was going for the position, and the receipt of the telegram from the Premier undoubtedly had some influence upon his vote.

5. On the night before the election of Master Warden, Sligo, who had come to Strahan in Morrisby's interest, met Miles and made an arrangement which was to be subject to Morrisby's approval. It was apparent that if Miles and Morrisby on one side divided their forces against Gaffney on the other, the election of the latter would be assured, and this was objectionable to the supporters of both Miles and Morrisby alike; whereas if they agreed upon either of them singly opposing Gaffney with the support of the other, then the defeat of Gaffney would be accomplished. It was therefore arranged between Miles and Sligo that the rival candidatures of Miles and Morrisby should be submitted to a committee of three—Hall, Hales, and Sligo—who were to decide which one should retire in favour of the other. On the morning of the election, 21st December, Miles and Sligo met Morrisby on the railway platform at East Strahan, on his arrival from Zeehan, to obtain his concurrence in their arrangement. It should be mentioned that at that time Miles had Hall's promise to vote for him if he had any chance of being elected, and knew that Hales had received a telegram from the Premier, of which facts Morrisby and Sligo were ignorant; and therefore Miles, feeling confident that a majority of the committee would decide in his favour, had certainly an advantage over his opponent. Before Morrisby had actually consented to the arrangement, a conversation took place between himself and Miles, during which Miles made Morrisby an offer of part of the Master Warden's salary. The evidence as to this offer is very conflicting. Morrisby states that Miles made two references to the Master Warden's salary, the first in general terms, saying, "I should like to be Master Warden, at any rate, at first. It is not the money; the salary is of no consequence to me; damn the salary, you can take it, anyone can take it, if you like; but I should like to be Master Warden, at all events, for the first twelve months." The second—a specific offer—saying, "Look here, Morrisby, I will tell you what I am prepared to do. I would like to be Master Warden, and if you will vote for me, I am prepared to share with you half the salary I may get as Master Warden." Miles positively denies making more than one reference to the salary, and, refreshing his memory from a letter written by him to Mr. Whitelaw shortly after the occurrence, gives his version of what was said in these words, "I don't want the salary, don't know that I shall take it; if I do, it will be to give away, and you can have half of it if you want the money." Sligo, who was present on the platform, in the main supports Morrisby's statement; but notwithstanding this, his and Morrisby's subsequent actions do not indicate that either of them at that time seriously considered that a bribe had been offered by Miles with corrupt

intent. From Morrisby's own evidence it is plain that he at once determined to make capital out of the fact that Miles had made an offer to him. He agreed to abide by the decision of the committee, conditionally upon Sligo informing the other members of the committee that Miles had attempted to bribe him, thinking, as he admits, that he would thereby secure the vote of Hall, who, with Sligo, would form a majority of the committee. The committee then met, and Sligo states positively that, complying with the promise he had made to Morrisby, he acquainted Hall and Hales with what had occurred on the platform, and the offer Miles had made to Morrisby. Hall and Hales are equally positive that Sligo said nothing about it. It seems to us incredible that Hall and Hales, if informed by Sligo of such a serious accusation, would have lightly passed it over, or could have so soon forgotten it. The committee decided to support Miles, and at the meeting of Wardens held immediately afterwards to elect a Master Warden, he was elected, no mention of the bribe being made by either Morrisby or Sligo, who both voted for Miles. If it had then been mentioned, while everything was fresh in the minds of those who had taken part in or overheard the conversation, and had been proved, the result must have been the defeat of Miles, and the possible election of Morrisby to the much-coveted position. No public mention of the bribe was, however, made by Morrisby then or on any subsequent occasion, until months after the occurrence, and the only conclusion that we can come to is that if Morrisby considered that he had been actually offered a bribe, he utterly failed in his duty in not himself promptly and publicly exposing what had been attempted by Miles.

Did the conversation between Miles and Morrisby, on which the charge of bribery was founded, constitute the beginning and end of our Inquiry, we would have found it difficult, with the evidence before us, to arrive at any very definite conclusion as to Miles's motives, although, upon his own admission, he made an offer, which we regard as a most improper one.

6. We now proceed to deal with the far more important matters relating to the West Breakwater Contract, and the actions of the Master Warden (Capt. Miles) and Marine Board in reference thereto.

Plans and specifications for this work were prepared by Mr. C. Napier Bell, the latter being copied from those successfully used at Westport and Greymouth, New Zealand, and tenders for the same, after being duly advertised, were received by the Board on the 17th April last. About a week prior to this date some estimates of quantities of stone required were prepared, and, with the concurrence of Mr. Bell, were supplied to intending tenderers, or at least to such of them as were within reach at the time. Prior also to the 17th April the Board's Clerk of Works—Mr. Barrowman—discovered what he considered to be a weakness in the specifications, and, with the approval of the Master Warden, commenced the preparation of certain clauses, referred to herein as the "interpretation clauses." These were not fully drafted at the time the tenders were opened, nor was any mention of them made then, or previously, to any tenderer.

The minute-book shows that 12 tenders were received, ranging from £64,990 to £33,731, the four lowest being as follow:—

	£
N. C. Langtree	45,382
S. Derbidge and Co.....	43,963
B. Stocks and Co.....	39,790
Hungerford and Sons.....	33,731

It was then resolved that all deposits, except those of the four lowest, should be returned forthwith, and the meeting was adjourned to permit this to be done. On resumption, a telegram was read (from B. Stocks and Co.), as follows:—"Since sending in our tender have received copy of quantities tender was based on. The quantities shown in plans and specifications, which disagree with those now given, we must consequently increase, or withdraw our tender." The Board replied, "Can only consider your tender upon Schedule quantities, which figure out at your Schedule rates, £39,790, wire immediate ratification or withdrawal." In the evening, and after the adjournment of the Board, Stocks wired to the Master Warden, "My tender withdrawn."

7. We have here to direct attention to circumstances of a grave character surrounding the tenders put in in the names of Derbidge and Stocks. Derbidge and Co.'s tender was written and put in by Leslie Miles, aged 23, a son of the Master Warden, and the address for service of notices was given as "G.P.O., Hobart," Leslie Miles's connection with the tender being kept secret at the time. He alleges that he was a partner with Samuel Derbidge, of Lyttelton, N.Z.; but he was unable to produce the slightest evidence, either by way of letters or telegrams, to establish the fact that any partnership existed, or that Derbidge had anything to do with the tender, or even knew that it was put in in his name. Leslie Miles admitted that he had made no financial arrangements with Derbidge, nor was there any agreement as to their respective shares in the contract. Derbidge appears from Mr. Bell's evidence to be in the permanent employ of the Lyttelton Harbour Board, at a salary of about £260 a year. He has not visited the site of the works, at any rate, within the last eight years, and even if in a financial position to undertake a contract of £40,000, would, we think, not be likely to do so without a personal inspection of the locality. The other tender, that of Stocks, was written out by Miss Miles, aged 19 years, a daughter of the Master Warden, and signed by her as "B. Stocks and Co." In this case the address for service of notice was given "c/o Union S.S. Co., Hobart." Leslie Miles avers that

he was also a partner with Stocks, but in this case, as in the other, there is absolutely no evidence to support his assertion. It is stated by Leslie Miles that this tender, written and signed by his sister, was sent to Sydney, to Stocks, and returned by Stocks to Strahan. It was not explained why the tender was signed by Miss Miles before being sent to Stocks, instead of being left for Stocks' own signature.

Captain Miles informed us that Stocks' tender, which bears date the 13th April, was received by him as Master Warden two or three days before the 17th April. It is impossible that this tender could have been sent from Hobart on the 13th April to Sydney and returned from Sydney to Strahan to reach the latter place at the time it is said to have been received. Stocks did not visit the site of the works, and we have no evidence to show that he is in a financial position to carry out such a contract. In connection with both these tenders the necessary deposits of £200 each were put up in bank-notes, the amounts being found by the Master Warden, who alleges that he gave his son Leslie the money for Derbidge's deposit, and put up that for Stocks at the latter's written request, contained in a letter received from Sydney under the same cover as the tender. This letter could not be produced, and we can arrive at no other conclusion than that neither the letter nor the tender ever came from Stocks to the Master Warden.

It is admitted by Leslie Miles that the tender of Stocks and Co. was a "speculative" one, and was put in with a certain object. Had the two tenders come together he would withdraw the lower one and stand on the higher, while if another tenderer intervened he could stand on the lower.

Leslie Miles was present, with other tenderers, in the Boardroom when the tenders were opened. Directly he saw that the tenders of Derbidge and Stocks came together he put into operation a preconceived scheme for the withdrawal of Stocks' tender. He sent a signal telegram to his brother, A. Temple Miles, in the Hobart office of the Union S.S. Co., who thereupon sent the first telegram set out in paragraph 6 of this Report, purporting to come from Stocks & Co., to the Master Warden, this telegram having been previously written and left with the brother to be sent from Hobart, if required. The reason given in the telegram for the withdrawal of the tender was a mere subterfuge, and a plausible excuse for obtaining the repayment of the deposit. This deposit was repaid a few days after. A telegram was received by the Secretary of the Marine Board from "B. Stocks & Co., Hobart," requesting him to pay the deposit to Captain Miles, taking his receipt. The Secretary asked for a written authority, on receipt of which he handed the bank-notes back to Captain Miles. The bank-notes deposited with Derbidge's tender were also handed to Captain Miles later on, when it was decided to call for fresh tenders, but in this case there was no authority in writing.

8. On the 18th April, the day after the tenders were opened and Stocks' tender withdrawn, Leslie Miles, writing as "S. Derbidge and Co.," sent a letter from Strahan, but headed "Hobart," to Hungerford and Sons, Sydney, offering them £250 to withdraw their tender. A correspondence by cable then followed, during which the signatures by Leslie Miles as "Derbidge and Co." implied that the communications came from Derbidge himself, who was represented as just leaving for New Zealand. Hungerford, declining to negotiate by cable, wires that he is coming to Hobart, and is informed by telegraph that the senior partner will have left for New Zealand, and that the junior partner (meaning Leslie Miles) would meet him on arrival with full power to act. Hungerford met Leslie Miles in Hobart, and negotiations between them followed, Miles offering Hungerford up to £1000 to induce him to withdraw his tender, and Hungerford making counter offers to Miles. The object of these negotiations was that Hungerford's tender of £33,700 should be withdrawn in favour of Derbidge's of £43,900. If terms could have been arranged between them—if the contract had been carried out on Derbidge's tender—it would have meant an additional cost to the Marine Board of £10,000 over Hungerford's price. However, they did not come to terms, and negotiations between them closed.

9. Going back to the 17th April, after the tenders were opened, the Board cabled full particulars of them to Mr. Napier Bell, and later in the day he was informed by telegraph that Stocks' tender had been withdrawn, and that all deposits, except those of the then three lowest tenderers, had been returned. As soon as he got these cablegrams (20th April), he wired to the Master Warden, "Hungerford being lowest gets contract if everything is in order," and the Master Warden then, on the 22nd April, wired to Hungerford, "Board will accept your tender conditionally upon your executing contract now being prepared by our solicitors, and depositing twelve hundred and fifty pounds as security within fourteen days from this date." The interpretation clauses already referred to were finally prepared by Barrowman, and, on the 28th April, were sent to the Board's solicitors, Messrs. Perkins & Dear, who strongly approved of the proposal to insert them in the contract to be executed by Hungerford. It must be noticed here that, although a written form of contract was referred to as being attached to each tender, no such form had been prepared, or was appended.

One of the main objects of these interpretation clauses was to more accurately define what was meant by the expression "first class stone." In the specifications first class stone is defined to be stones weighing from 10 to 20 tons each. It was proposed in the interpretation clauses to further define this as follows:—"First class stone, being from 10 to 20 tons weight each, shall mean that the average of that class shall be not less than 15 tons each." It is contended by Barrow-

man and others that the original specifications could be carried out to the letter, though not in spirit, by supplying as first class stone, stones weighing anything over ten tons—say, ten tons one hundredweight; and this, which might be done by an unscrupulous contractor, would give a less substantial work than intended.

The interpretation clauses were forwarded to Mr. Bell by the Master Warden on the 4th May, and on the 11th May Mr. Bell wired that they were most suitable, and he now explains that when he sent that wire he believed the clauses had been known to tenderers before they put in their tenders. When he learnt the actual facts he arrived at the conclusion that, although the addition of these clauses would have resulted in a more substantial work, the cost to the contractor would have been very considerably increased, and that the attempt to impose them upon Hungerford after receipt of his tender was unfair to him. After hearing the evidence, we have arrived at the same conclusion.

The action of the Board in this matter appears irregular and inconsistent, for on the 15th May a resolution is passed to the effect that if Hungerford refused to sign the contract containing the interpretation clauses, the Board would proceed to call fresh tenders; and on the 27th May, without taking the steps required by law to rescind their previous resolution, they resolved that a telegram be sent to Mr. Bell asking him to negotiate with Hungerford the terms on which he would carry out the contract on the amended specifications; and on the 5th June it was resolved to send this telegram to Mr. Bell—"Are you satisfied that original conditions and specifications are sufficient to protect the Board? If so, and Hungerford is willing, tell him to come to Hobart and sign contract. Board awaits your definite reply before taking action,"—and at the same time Hungerford was advised to put himself into communication with Mr. Bell. The Board's action is explained by the fact that at the time the first resolution was passed, they thought that Mr. Bell, as their engineer and expert adviser, had fully approved of the insertion of the interpretation clauses in Hungerford's contract.

On May 5th, the day before the due date for executing the contract, Hungerford, who had come to Hobart, believing his tender had been accepted, was met by the Master Warden, and informed for the first time of the intended addition of the interpretation clauses to the contract. Contentions then arose; Hungerford objecting to the addition of the clauses, and Messrs. Perkins & Dear and the Master Warden insisting on their being in the contract. Hungerford was then allowed ten days to consult his sons, and after that time had elapsed offered to execute a contract in accordance with the specifications and general conditions upon which he had tendered, and this was declined; he, on his part, refusing to execute the contract prepared by the Board's solicitors with the interpretation clauses included therein. Subsequent negotiations ensued between Hungerford and Bell, which were fruitless, Hungerford, however, finally agreeing to the proposal to call for fresh tenders. It is impossible to refer more fully to the very large amount of evidence, both oral and documentary, which was given regarding the matters that are contained in this portion of our Report.

10. After Hungerford had declined to take up the contract on the amended conditions, and before negotiations had been opened between him and Mr. Bell, the Master Warden, with the approval of the Board's solicitors (supported by the opinion of the Solicitor-General), wired on the 23rd May to Bell—"Lawyers think it advisable give contract Derbidge, who is willing to accept all the conditions the Board seek to insert. His acceptance proves conclusively that we have not sought to impose unreasonable conditions upon Hungerford. Calling fresh tenders will necessitate losing two months. Derbidge's tender is below our own estimate: what better position can we have?" and at the same time wired a copy of this telegram to the Secretary of the Marine Board at Strahan. Bell replied on the following day—"Derbidge's tender reasonable; himself good man; Board should accept, if he will manage work, and amend schedule as I direct." On the 25th May, the Master Warden, who had then become Minister of Lands and Works, wrote an important letter to the other Wardens at Strahan, in which he strongly urges the acceptance of Derbidge's tender as being the next lowest, in preference to calling for fresh tenders, at the same time informing them for the first time that his son Leslie had a small interest in the firm of Derbidge and Co. This letter contains misstatements calculated to seriously mislead the Board. These misstatements are in the following two extracts:—(1.) "When Bell cabled us (Secretary has telegram) a fortnight ago '*That in the event of Hungerford not signing contract accept Derbidge tender provided Derbidge manages it.*' I immediately cabled to the senior partner of Derbidge and Co., in New Zealand, and got a reply that '*he would take charge of job himself,*' and later on, when Hungerford declined to accept, I sent on to New Zealand a copy of the contract and asked Derbidge to cable me, on receipt, whether he would sign it if his tender was accepted, and his reply is, '*Will accept amended conditions, and carry out to Bell's satisfaction.*'" (2.) "Looked at from Derbidge's standpoint, it would be doing his firm an injustice to pass them over. They naturally expected, when their deposit was retained, that, failing the lowest tenderer, they would get the job; and my several cables to them since in reference to management and special conditions, and their replies, agreeing to all our conditions, entitle them to consideration."

It is our painful duty to report that the cables between the Master Warden and Derbidge and Co., New Zealand, quoted in these extracts, and which also appear as quotations, and are emphasised in the letter, were never either sent or received. Captain Miles attempts to explain this by asserting that he had written one cable to Derbidge, and had given it to his son Leslie to be

sent, and that his son had not forwarded it, but had deceived him in reference both as to its despatch, and again by stating that he had received a reply. It will be observed that Captain Miles writes of "my several cables to Derbidge and their replies." He now admits he only wrote one cable, which was never sent, and that he personally received no reply.

11. Ultimately fresh tenders were called for under the new conditions. The lowest tender received was from S. Derbidge and Co. for £39,877, and the next lowest was from Hungerford and Sons for £42,736. These tenders have not yet been dealt with. When the tenders were received by the Board, and had been opened, and before the particulars were known to the tenderers, Hungerford was called into the Boardroom and offered the contract on the original specification and at his first tendered price. This was declined by Hungerford, who determined to abide by the result of his second tender. We do not attach much importance to this incident. We think it right, before leaving the subject, to place on record our opinion that the members of the Marine Board should give the gravest consideration to the facts brought out in the evidence given before us before they decide to accept any tender.

12. In spite of the length of our Report, we are unable to fully comment upon many important matters, and must content ourselves with a brief reference to them in the general summing-up of the results of the whole of our Inquiry. The duty entrusted to us has been an extremely painful one. We have almost daily had to listen to evidence of actions of a very questionable and frequently dishonourable character. We have already expressed an opinion upon some of the incidents brought under our notice, and it now remains for us to deal with the actions and conduct of Captain Miles. There seems to have been from the outset a deliberate purpose on his part to obtain and use the position of Master Warden for his own ends. Many incidents, in themselves of little moment, assume grave importance when they are found to form part of a general scheme. In order to obtain the position of Master Warden he uses a political reason to induce the Premier to put pressure on Civil Servants, and makes an improper offer to a rival candidate. Having secured the position, he puts up the deposits for two tenders, both put in by his children, whose connection with their supposed firms is kept secret. He denies all knowledge of his son's connection with the firm of Stocks & Co., notwithstanding that he himself paid, and afterwards received back, that firm's deposit. Knowing that there was a strong suspicion that the names of both Derbidge and Stocks were merely being used to cover his own connection with the tenders, he does not produce either of those persons for examination to prove that he was not associated with them in the tenders put in in their names, or to prove the *bona fides* of his son's partnership with them. Although correspondence between himself and Derbidge and between his son and Derbidge, both by letter and cable, is often referred to, the only one letter from Derbidge to either of them which was brought into the Committee Room was taken possession of and promptly destroyed by him before we could see it; and the only cablegram that came before the Committee was one from Leslie Miles on July 31st, informing Derbidge that he had tendered in their joint names. He assures Napier Bell of the financial position of Derbidge & Co., yet has to advance to his son the £200 for their deposit, and does not attempt to prove to us that either his son, or Derbidge, or Stocks is in a position to finance such a large contract. He deceives the Board with regard to the cables between himself and Derbidge, and uses every influence to secure the contract for his son; even going so far as to interfere with the Board's instructions to their Consulting Engineer, when those instructions were likely to lead to Hungerford getting the contract. Under his chairmanship, and mainly through his actions, the important work delegated to the Marine Board has been unnecessarily delayed. Finally, his undue retention of the office of Master Warden, his opposition to inquiry, the divergent statements he made in the House and to the Committee, and the unsatisfactory character of his evidence, all fortify us in coming to the conclusions at which we have arrived.

After weighing calmly and carefully all the facts presented to us, and fully realising the responsibility of our action, we have with extreme reluctance and regret to express an opinion reflecting on the character of one holding a high public position—a position demanding the utmost integrity. Our opinion is that Captain Miles, while occupying the position of Master Warden of the Strahan Marine Board, was improperly and secretly interested in two of the tenders for the West Breakwater, and used unworthy means to secure the acceptance by the Board of the higher of them.

N. E. LEWIS, *Chairman.*

*Committee Room,
House of Assembly,
29th September, 1899.*

MINUTES OF PROCEEDINGS.

THURSDAY, 24TH AUGUST, 1899.

The Committee met at 3 o'clock.

Members present.—Mr. Lewis, Mr. Archer, Mr. Davies, Mr. Mulcahy, Mr. Propsting, Mr. Aikenhead, and Mr. Mackenzie.

Mr. Lewis was appointed Chairman.

The Clerk read the Order of the House appointing the Committee.

Mr. Mulcahy read letters between himself and the Honourable Arthur Morrisby, M.L.C., on the subject of Mr. Mulcahy sitting on the Committee.

The Committee deliberated as to what course it ought to pursue.

Ordered, That a letter be sent to the Right Honourable the Premier requesting him to forward to the Committee copies of all correspondence between himself and the Members of the Strahan Marine Board in connection with the election of the Master Warden in December, 1898.

The Chairman read a letter from the Honourable the Minister of Lands and Works, enclosing a copy of the letter referred to by the latter on 11th July, as being in the hands of a Member of the House of Assembly.

Ordered, That the letter be received.

Ordered, That Mr. Donald Norman Cameron, M.H.A., be summoned to attend and give evidence before the Select Committee on Friday.

Ordered, That leave be obtained from the Legislative Council for the Honourable Arthur Morrisby and the Honourable W. W. Perkins, Members of the Legislative Council, to attend and give evidence before the Select Committee on Friday; Mr. Morrisby to attend at 10.30 o'clock.

The Committee, at 4 o'clock, adjourned till 10.30 o'clock to-morrow.

FRIDAY, 25TH AUGUST, 1899.

The Committee met at 10.30 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Aikenhead, Mr. Archer, Mr. Davies, Mr. Mackenzie, Mr. Mulcahy, and Mr. Propsting.

The Minutes of the last Meeting were read and confirmed.

Mr. Donald Norman Cameron, M.H.A., was called in and examined.

Mr. Cameron submitted to the Committee a list of charges against the Honourable the Minister of Lands and Works in connection with the Strahan Marine Board.

Mr. Cameron withdrew.

Resolved, That all evidence heard before the Committee be taken on the witness making the Statutory Declaration prescribed in the Schedule to 35 Vict. No. 11.

The Honourable Arthur Morrisby, M.L.C., was called in.

Mr. Morrisby made the declaration prescribed, and was examined before the Committee.

Mr. Morrisby submitted to the Committee the following documents:—

- (1.) A list of letters and telegrams he would like the Committee to call for, and a list of witnesses whom he wished the Committee to examine.
- (2.) A letter from Mr. O'Keeffe to himself, which was read.

Mr. Morrisby withdrew.

The Committee deliberated.

At 12.55 the Committee adjourned till 3 o'clock this afternoon.

The Committee met again at 3 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Mackenzie, Mr. Propsting, Mr. Mulcahy, Mr. Aikenhead, and Mr. Davies.

The Committee deliberated.

Ordered, That the Right Honourable the Premier, and the Honourable the Minister of Lands and Works be requested to furnish copies of all documents inventoried in the list submitted by Mr. Morrisby and not already applied for.

Ordered, That the Honourable the Attorney-General be requested to furnish copies of all letters and telegrams which passed between himself and Mr. J. J. Gaffney, M.H.A., relative to the election of the first Master Warden of the Marine Board of Strahan.

Ordered, That the Honourable the Minister of Lands and Works be requested to furnish copies of all telegrams, if any, which passed, during the month of August, 1899, between himself and the Wardens of the Strahan Marine Board, relative to the election of the Master Warden.

Resolved, That the Honourable Arthur Morrisby, M.L.C., be allowed to sit in the Committee Room during the examination of witnesses. (Mr. Davies.)

Resolved, That the Honourable the Minister of Lands and Works, and the Honourable Arthur Morrisby, M.L.C., be allowed to submit questions to witnesses through the Chairman, such questions to be in writing, and the Chairman to have a discretion whether such questions shall be put or not. (Mr. Mulcahy.)

Ordered, That the Honourable the Minister of Lands and Works, and the Honourable Arthur Morrisby, M.L.C., receive copies of proof of all evidence of witnesses at the same time as the proofs are furnished to members of the Committee, such evidence to be confidential.

Ordered, That telegrams be sent to Messrs. Hall and Hales, Wardens of the Marine Board of Strahan, to ascertain whether they can conveniently attend the Committee on Wednesday next, and, if so, summonses to be sent to them.

Ordered, That Mr. A. D. Sligo, Mr. John Barrowman, and Mr. A. G. Prater be telegraphed to, summonses also to be sent to them, ordering them to attend the Select Committee on Wednesday morning; Mr. Prater to produce before the Committee, the minute book, and all correspondence, specifications, tenders, &c.

Ordered, That a letter be written to the Honourable Arthur Morrisby, M.L.C., stating that the attendance of Mr. O'Keefe could not be enforced by the Committee, but any evidence given on statutory declaration, Mr. Morrisby could obtain from him, would be considered by the Committee.

Ordered, That notices be sent to the Honourable the Minister of Lands and Works, and the Honourable Arthur Morrisby, M.L.C., informing them of all meetings of the Committee, when evidence is to be taken.

The Committee adjourned at 3.55 p.m. till 10 o'clock on Wednesday next.

WEDNESDAY, 30TH AUGUST, 1899.

The Committee met at 10 o'clock.

Members Present.—Mr. Lewis (Chairman), Mr. Propsting, Mr. Mackenzie, Mr. Archer, and Mr. Aikenhead.

The Minutes of the last meeting were read and confirmed.

Mr. Mulcahy and Mr. Davies took their seats.

The Committee went through the corrections made by the Honourable Arthur Morrisby, M.L.C., to his evidence, some of which were not allowed.

Mr. Archer called attention to the fact that one of the questions asked the Honourable Arthur Morrisby, did not appear in the evidence. The question and its answer were inserted by the Committee.

Some other amendments and alterations were also made by the Committee.

The Chairman laid upon the Table the following documents :—

(1.) Letters dated 25th and 28th August, from the Right Honourable the Premier, and with them copies of telegrams called for by the Committee.

(2.) A letter dated 29th August, and copies of telegrams called for by the Committee from the Honourable the Attorney-General.

Ordered, That the documents submitted be printed as Appendices.

The Chairman also laid upon the Table a letter from the Minister of Lands and Works, dated 29th August, and the correspondence and telegrams called for by the Committee.

The Chairman read extracts from the *Federalist* of the 24th and 31st December, 1898, referring to the election of the first Master Warden of the Marine Board of Strahan, in December, 1898.

The Committee deliberated.

Mr. Arthur George Prater, Secretary to the Marine Board of Strahan, was called in, and made the declaration prescribed.

Mr. Prater submitted to the Committee the Minute Book of the Marine Board, a book containing clippings from the *Zeehan and Dundas Herald*, of advertisements, and Reports of Proceedings of the Board; and the letter-book, tenders, specifications and miscellaneous correspondence of the Board.

Mr. Prater withdrew.

The Committee deliberated.

The Resolution passed on the 25th August, permitting the Honourable the Minister of Lands and Works and the Honourable Arthur Morrisby to submit questions to witnesses through the Chairman, was amended by striking out the words "such questions to be in writing."

The Honourable Arthur Morrisby, M.L.C., was called in and further examined.

Mr. Morrisby submitted a letter from Mr. John Campbell to himself, which was read.

At 1 o'clock the Committee adjourned till 2.15 this afternoon.

The Committee met again at 2.15 o'clock.

Members present.—Mr. Archer, Mr. Aikenhead, Mr. Propsting, Mr. Mackenzie, Mr. Mulcahy, and Mr. Davies.

In the absence of the Chairman, Mr. Mulcahy took the Chair.

The Honourable Arthur Morrisby, M.L.C., was further examined.

Mr. Morrisby's examination was concluded.

Mr. Archibald Douglas Sligo, Warden of the Marine Board of Strahan, was called in, made the declaration prescribed, and was examined before the Committee.

The Chairman (Mr. Lewis) took the Chair.

Mr. Sligo withdrew.

Ordered, That Mr. A. D. Sligo be summoned to give further evidence at 10.15 to-morrow morning.

Ordered, That Mr. E. L. Hall be summoned to give evidence at 10.45 to-morrow morning, and Mr. A. G. Prater, W. P. Hales, and J. Barrowman, at 11 o'clock.

The Committee adjourned till 10 o'clock to-morrow.

THURSDAY, 31ST AUGUST, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Propsting, Mr. Mackenzie, and Mr. Aikenhead.

Mr. Mulcahy took his seat.

The Minutes of the last meeting were read and confirmed.

The Committee deliberated.

Mr. Archibald Douglas Sligo was recalled, and further examined.

Mr. Sligo withdrew.

Mr. Davies took his seat.

Mr. Edward Laret Hall, Warden of the Marine Board of Strahan, was called in, made the declaration prescribed, and was examined before the Committee.

Mr. Hall withdrew.

Mr. William Prior Hales, Warden of the Marine Board of Strahan, was called in, made the declaration prescribed, and was examined before the Committee.

At 1.5 P.M. the Committee adjourned till 2.30 o'clock this afternoon.

The Committee met again at 2.30 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Aikenhead, Mr. Mackenzie, Mr. Propsting, and Mr. Davies.

The examination of Mr. Hales was continued by the Committee.

Mr. Hales withdrew.

Mr. James Joseph Gaffney, M.H.A., was called in, made the declaration prescribed, and was examined before the Committee.

Mr. Mulcahy took his seat.

Mr. Gaffney withdrew.

Mr. Archibald Douglas Sligo was recalled and further examined.

Mr. Sligo withdrew.

Mr. John Barrowman, Inspector of Works to the Marine Board of Strahan, was called in, made the declaration prescribed, and was examined before the Committee.

Mr. Barrowman withdrew.

The Committee deliberated.

Ordered, That Mr. E. L. Hall be summoned to give evidence at 10 o'clock to-morrow morning; Mr. A. G. Prater at 10.15; the Honourable W. W. Perkins, M.L.C., at 10.45; and the Honourable the Minister of Lands and Works at 11.

At 4 o'clock the Committee adjourned till 10 o'clock to-morrow.

FRIDAY, 1st SEPTEMBER 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Aikenhead, Mr. Mackenzie, Mr. Archer, Mr. Propsting, and Mr. Mulcahy.

The Minutes of the last Meeting were read and confirmed.

The Honourable Arthur Morrisby, M.L.C. made a Statement protesting against an article which appeared in the *Mercury* of the 31st August containing a Report of the Proceedings of the Committee, with comments thereon; Mr. Morrisby also complained of partiality being shown by certain Members of the Committee.

Mr. Morrisby withdrew the latter portion of protest on exception being taken to it by the Committee.

Mr. E. L. Hall was recalled and further examined.

Mr. Davies took his seat.

Mr. Hall withdrew.

Mr. A. G. Prater was recalled and further examined.

The Committee, with Mr. Prater's assistance, proceeded to take into consideration the correspondence, &c., relating to the Strahan Marine Board.

At 1 o'clock the Committee adjourned till 2.30 o'clock.

The Committee met again at 2.30 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Aikenhead, Mr. Mackenzie, Mr. Archer, Mr. Mulcahy, Mr. Propsting, and Mr. Davies.

The Committee further considered the correspondence of the Board.

The Committee deliberated.

Ordered, That a letter be sent to the Right Honourable the Premier, requesting him to authorise the Telegraph Department to furnish to the Committee copies of all telegrams from the Master Warden of the Strahan Marine Board to Mr. Napier Bell on the 11th May.

Ordered, That Messrs. Hungerford, Napier Bell, F. O. Henry, John Barrowman, and the Honourable E. T. Miles, Minister of Lands and Works, be summoned to give evidence on Wednesday, 6th September, at 10.15 A.M.

At 4 o'clock the Committee adjourned till 10 o'clock on Wednesday next.

WEDNESDAY, 6th SEPTEMBER, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Lewis, (Chairman), Mr. Aikenhead, Mr. Archer, Mr. Mackenzie, and Mr. Mulcahy.

The Minutes of the last Meeting were read and confirmed.

The Chairman read a reply from the Right Honourable the Premier to the letter sent him by the Committee on Friday, 1st September, requesting him to authorise the Telegraph Department to furnish to the Committee copies

of all telegrams from the Master Warden of the Strahan Marine Board to Mr. Napier Bell, sent from Strahan on 11th May, 1899; also a letter from the Honourable the Minister of Lands and Works, requesting the Committee to call for certain correspondence.

Mr. Davies took his seat.

Mr. A. G. Prater, being recalled, submitted a précis which he had compiled of the correspondence relating to the tenders for the Macquarie Harbour Bar Contract.

Certain of the Papers read were ordered to be printed.

Mr. Prater was examined.

Mr. John Barrowman was recalled and further examined.

Mr. Barrowman submitted to the Committee a letter, dated 26th May, from Mr. Napier Bell to himself on the subject of Mr. Hungerford's tender.

Mr. Thomas Walter Hungerford was called in and asked if he had any objection to Mr. Barrowman submitting to the Committee the copy of a letter from the former to the latter, dated Sunday, 18th June.

Mr. Hungerford gave his consent to the copy being produced.

Mr. Barrowman submitted the copy to the Committee.

Mr. Barrowman withdrew.

Mr. Thomas Walter Hungerford was called in, made the declaration prescribed, and was examined before the Committee.

Mr. Hungerford submitted to the Committee a telegram, dated 27th April, from Derbidge & Co. to himself.

At 1 o'clock the Committee adjourned till 2.15 this afternoon.

The Committee met again at 2.30 o'clock.

Members present.—Mr. Mulcahy, Mr. Aikenhead, Mr. Archer, Mr. Propsting, Mr. Davies, and Mr. Mackenzie.

In the absence of the Chairman, Mr. Mulcahy took the Chair.

The examination of Mr. Hungerford was continued.

Mr. Hungerford withdrew.

The Honourable William Watchorn Perkins, M.L.C., Solicitor to the Strahan Marine Board, was called in, and made the declaration prescribed, and was examined before the Committee.

Mr. Perkins submitted to the Committee correspondence belonging to the Strahan Marine Board relating to the tenders for the Macquarie Harbour Bar Contract.

Mr. Perkins withdrew.

The Committee entered into consideration of the correspondence submitted by the Honourable W. W. Perkins.

Mr. Hungerford was recalled and further examined.

Mr. Lewis resumed the Chair.

Mr. Hungerford withdrew.

The Honourable A. Morrisby, M.L.C., submitted to the Committee the passenger list of the s.s. *Talune*, which sailed for New Zealand 28 April.

The Committee deliberated.

The Committee considered a letter from the Honourable A. Morrisby, dated 5th September, requesting the Committee to call for certain correspondence.

Ordered, That Mr. T. W. Hungerford be summoned to give evidence before the Committee at 10.15 A.M. to-morrow.

At 4 o'clock the Committee adjourned till 10 o'clock to-morrow.

THURSDAY, 7TH SEPTEMBER, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Aikenhead, and Mr. Mackenzie.

The Minutes of the last Meeting were read and confirmed.

The Committee deliberated.

Mr. Mulcahy took his seat.

Mr. Thomas Walter Hungerford was recalled and further examined.

Mr. Davies took his seat.

Mr. Hungerford having made an assertion connecting the Honourable E. T. Miles with the firm of Messrs. Duff & Company, and refusing to give the name of his informant when called upon by the Committee to do so, was ordered by the Committee to withdraw.

The Committee deliberated as to what course it ought to adopt.

Mr. Hungerford was recalled, and informed by the Chairman that the Committee insisted upon his divulging the name of his informant.

Mr. Hungerford was permitted to defer his reply, and his examination was proceeded with.

At a subsequent stage of the proceedings Mr. Hungerford gave the Committee the name of his informant.

The Honourable E. T. Miles submitted to the Committee telegrams dated 25th and 27th April from Mr. Hungerford to S. Derbidge.

Mr. Hungerford having stated in the course of his evidence that he had been warned to beware of Captain Miles, was required by the Committee to give the name of his informant.

On Mr. Hungerford's refusal to do so, he was given till 3.30 o'clock to consider his answer.

At 12.25 the Committee adjourned till 2.15 this afternoon.

The Committee met again at 2.15 o'clock.

XIII

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Aikenhead, Mr. Mackenzie, Mr. Davies, and Mr. Mulcahy.

Mr. J. J. Gaffney, M.H.A., was recalled and further examined.

The Chairman read the part of the Minutes of the Strahan Marine Board of the 31st July which referred to the attendance of Mr. Hungerford on the Board, and asked Mr. Gaffney whether they formed a correct record of what took place.

Mr. Gaffney replied in the affirmative.

Mr. Gaffney withdrew.

The Committee deliberated as to what course it ought to pursue in the event of Mr. Hungerford refusing to give the answer required by the Committee.

Mr. Hungerford was recalled, and, refusing to give his authority for the statement made by him relating to the Honourable E. T. Miles, was informed by the Chairman that all reference to his statement would be expunged from the evidence.

Mr. Hungerford withdrew.

Ordered, That the Honourable E. T. Miles, Minister of Lands and Works, be summoned to give evidence at 10.15 A.M. to-morrow.

At 8.55 P.M. the Committee adjourned till 10 o'clock to-morrow.

FRIDAY, 8TH SEPTEMBER, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Mackenzie, Mr. Propsting, Mr. Aikenhead, and Mr. Mulcahy.

The Minutes of the last Meeting were read and confirmed.

The Honourable E. T. Miles, Minister of Lands and Works, was called in, made the declaration prescribed, and was examined before the Committee.

Mr. Davies took his seat.

At 12.15 Mr. Mulcahy took the Chair for the rest of the morning, in place of Mr. Lewis, who had an engagement to keep.

At 1 o'clock the Committee adjourned till 2.15 P.M. this afternoon.

The Committee met again at 2.15 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Aikenhead, Mr. Davies, Mr. Mackenzie, Mr. Mulcahy, and Mr. Propsting.

The examination of the Honourable E. T. Miles was continued.

Mr. Miles submitted to the Committee a letter dated 25th May, 1899, from himself to the Wardens of the Marine Board of Strahan.

Mr. Miles withdrew.

Ordered, That the Honourable E. T. Miles, Minister of Lands and Works, Mr. Leslie Miles, Mr. F. O. Henry, and Mr. Napier Bell be summoned to give evidence on Wednesday.

At 4 o'clock the Committee adjourned till 10 o'clock on Wednesday next.

WEDNESDAY, 13TH SEPTEMBER, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Mulcahy, Mr. Archer, Mr. Aikenhead, and Mr. Mackenzie.

Mr. Mulcahy took the Chair during the temporary absence of the Chairman (Mr. Lewis).

The Honourable E. T. Miles, Minister of Lands and Works, was recalled and further examined.

Captain Miles complained to the Committee that an anonymous pamphlet had been circulated among Members Parliament and others with the obvious intention of prejudicing his case with the Committee and the public.

Mr. Propsting and Mr. Davies took their seats.

Mr. Lewis took the Chair.

The examination of Captain Miles was concluded.

Mr. A. G. Prater was recalled and further examined.

Mr. Prater's examination was concluded.

Mr. Leslie Miles, engineer, was called in, made the declaration prescribed, and was examined before the Committee.

Mr. Leslie Miles, on being asked where he obtained the money with which he paid the deposit of the firm of Derbidge and Co., refused to give an answer to the Committee.

At a subsequent stage of the proceedings Mr. Leslie Miles gave the Committee the reply required.

Mr. Leslie Miles submitted to the Committee a paper showing terms on which Mr. T. W. Hungerford was willing to make over the contract for the Macquarie Harbour Bar Works to Messrs. Derbidge & Co.

Mr. Leslie Miles withdrew.

The Honourable A. Morrisby submitted to the Committee a telegram, dated 11th September, from Mr. T. W. Hungerford to himself.

The Chairman laid upon the table a letter from the Right Honourable the Premier with the original telegrams, dated April 17th, 1899, from B. Stocks & Co. to the Chairman of the Strahan Marine Board, called for by the Committee.

At 1 o'clock the Committee adjourned till 2.30 this afternoon.

The Committee met again at half-past 2.

Members present.—Mr. Mulcahy, Mr. Archer, Mr. Davies, Mr. Propsting, Mr. Mackenzie, and Mr. Aikenhead. In the absence of the Chairman, Mr. Mulcahy took the Chair.

The Committee proceeded to go through the evidence, making corrections when necessary.

Mr. Lewis resumed the Chair.

The Committee deliberated.

At 4 o'clock the Committee adjourned till 10 o'clock to-morrow.

THURSDAY, 14TH SEPTEMBER, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Mackenzie, Mr. Aikenhead, and Mr. Mulcahy.

The Minutes of the last Meeting were read and confirmed.

Mr. Mulcahy drew attention to the fact that the copy of a telegram from B. Stocks & Co., sent from Hobart to the Marine Board of Strahan, on the subject of the refund of the deposit paid by the former, was missing.

Mr. Davies and Mr. Propsting took their seats.

The Committee proceeded to read through the evidence, making amendments when necessary.

The Chairman laid upon the table a letter from the Right Honourable the Treasurer, and the original of the telegram mentioned above from B. Stocks & Co., which had been called for by the Committee.

At 1 o'clock the Committee adjourned till 2.15 this afternoon.

The Committee met again at a quarter-past 2.

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Aikenhead, Mr. Mackenzie, Mr. Davies, and Mr. Mulcahy.

The Committee further considered and corrected the evidence.

Mr. Propsting took his seat.

At 4 o'clock the Committee adjourned till 10 o'clock to-morrow.

FRIDAY, 15TH SEPTEMBER, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Mulcahy, Mr. Archer, Mr. Aikenhead, Mr. Mackenzie, Mr. Davies, and Mr. Propsting.

In the absence of the Chairman, Mr. Mulcahy took the Chair.

The Minutes of the last Meeting were read and confirmed.

Ordered, That a letter be written to the Right Honourable the Premier requesting him to authorise the Telegraph Department to furnish to the Committee a copy of every telegram, if any, sent from Hobart or Sydney, from R. Stocks and Co. to Captain Miles at Strahan, from 13th to 17th April.

Mr. Davies took his seat.

The Chairman read correspondence, submitted to the Committee by Mr. T. W. Hungerford, through the Honourable A. Morrisby, between the firms of Derbidge & Co. and Hungerford & Sons, &c.

The Chairman read a telegram from Mr. C. Napier Bell, dated 14th September, stating that he was leaving for Hobart.

Mr. A. G. Prater was recalled and further examined.

The Committee proceeded to further consider and correct the evidence.

At 1 o'clock the Committee adjourned till 2.15 o'clock this afternoon.

The Committee met again at 2.15 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Aikenhead, Mr. Archer, Mr. Mackenzie, Mr. Mulcahy, Mr. Davies, and Mr. Propsting.

The Committee further considered and corrected the evidence.

The Chairman read a letter from the Honourable the Minister of Lands and Works, dated 15th September, requesting the Committee to call for the correspondence between Warden Morrisby, himself, and the Secretary of the Strahan Marine Board, having reference to the resignation from the Board of Warden Morrisby in December, 1898; and also requesting the Committee to call the Honourable W. W. Perkins, M.L.C., as a witness.

A letter was ordered to be written to the Right Honourable the Treasurer, requesting him to furnish to the Committee the correspondence mentioned above.

At 4 o'clock the Committee adjourned till 10 o'clock on Wednesday next.

WEDNESDAY, 20TH SEPTEMBER, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Aikenhead, Mr. Davies, Mr. Propsting, Mr. Mackenzie, and Mr. Mulcahy.

The Minutes of the last Meeting were read and confirmed.

The Chairman laid upon the Table—

- (1) A letter, dated 19th September, from the Secretary to the Post and Telegraph Department, with copies of telegrams called for by the Committee.
- (2) A letter, dated 18th September, from the Honourable Arthur Morrisby, M.L.C.
- (3) Letters, dated 16th and 18th September, from the Minister of Lands and Works, complaining of the unsatisfactory manner in which the reporting was done, and asserting that in one case a telegram had been deliberately misreported; also requesting that certain witnesses be called by the Committee.

XV

The Committee further proceeded to read through and correct the evidence.

At 11·50 Mr. Mulcahy took the Chair in place of Mr. Lewis.

At 12·55 the Committee adjourned till 2·30 o'clock.

The Committee met again at half-past 2.

Members present.—Mr. Archer, Mr. Mackenzie, Mr. Mulcahy, Mr. Propsting, Mr. Davies, and Mr. Aikenhead. Mr. Mulcahy took the Chair.

The Committee further considered and corrected the evidence.

Mr. Lewis resumed the Chair.

At 4 o'clock the Committee adjourned till 10 o'clock to-morrow.

THURSDAY, 21ST SEPTEMBER, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Mackenzie, Mr. Propsting, Mr. Aikenhead, Mr. Mulcahy, and Mr. Davies.

The Minutes of the last meeting were read and confirmed.

Ordered, That a letter be written to the Right Honourable the Treasurer, requesting him to authorise the Telegraph Department to furnish to the Committee a copy of the telegram sent from Captain E. Miles from Hobart or Strahan to B. Stocks, Woolwich, Sydney, N.S.W., to which the telegram (No. 68) dated 14th April, 1899, was a reply.

The Committee further proceeded to read through and correct the evidence.

At 1 o'clock the Committee adjourned till 2·30 P.M.

The Committee met again at half-past 2.

Members present.—Mr. Lewis (Chairman), Mr. Aikenhead, Mr. Propsting, Mr. Mackenzie, Mr. Archer, Mr. Davies, and Mr. Mulcahy.

The Committee further considered and corrected the evidence.

At 4 o'clock the Committee adjourned till 10 o'clock to-morrow.

FRIDAY, 22ND SEPTEMBER, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Archer, Mr. Mackenzie, Mr. Aikenhead, Mr. Mulcahy, Mr. Propsting, and Mr. Davies.

Mr. Mulcahy took the Chair in place of Mr. Lewis.

The Committee further proceeded to read through and correct the evidence.

Mr. Lewis took the Chair.

The Chairman read the draft of a letter to the Speaker, complaining of the unsatisfactory way in which witnesses were reported, and informing him that the Committee proposed to ask that leave of absence be granted to Mr. Emmett, of the Railway Department, in order that he might report for the Committee, and asking the Speaker to approve of the course proposed.

The Committee directed that the letter should be sent.

The Chairman laid upon the Table a letter from the Honourable Arthur Morrisby, M.L.C., dated 21st September.

Ordered, That a telegram be sent to Mr. F. O. Henry, asking if it would be convenient for him to attend and give evidence before the Committee on Monday or Tuesday next. Later in the day a reply was received from Mr. F. O. Henry to the telegram sent him, stating that on the arrival of certain papers, for which he had written to Strahan, he would be ready to give evidence on Tuesday.

Ordered, That Mr. C. Napier Bell be summoned to give evidence at 2·30 P.M. to-morrow, if he arrived in time from New Zealand.

Ordered, That the Honourable W. W. Perkins be summoned to give evidence at 10·15 A.M., Mr. Arthur Risby at 10·30 A.M., and Mr. George Steward, the Under Secretary, at 10·45 A.M. on Monday next.

The Committee deliberated.

At 1 o'clock the Committee adjourned till half-past 2.

The Committee met again at half-past 2.

Members present.—Mr. Lewis (Chairman), Mr. Davies, Mr. Mackenzie, Mr. Mulcahy, Mr. Propsting, Mr. Aikenhead, and Mr. Archer.

The Committee further considered and corrected the evidence.

At 4 o'clock the Committee adjourned till 10 o'clock to-morrow.

SATURDAY, 23RD SEPTEMBER, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Aikenhead, Mr. Propsting, Mr. Mackenzie, and Mr. Mulcahy.

Mr. Mulcahy took the Chair in place of Mr. Lewis.

The Committee proceeded to further read through and correct the evidence.

Mr. Lewis resumed the Chair.

The Chairman read a letter from Mr. Bayly, Secretary to the Post Office, stating that no trace could be found of the telegram sent by Captain E. Miles to B. Stocks, called for by the Committee.

Captain Miles having made certain reflections upon the Members of the Committee at an informal meeting, attended and expressed his regret that in a moment of excitement he had used words reflecting on the Committee, and hoped they would be considered as withdrawn.

The withdrawal was accepted.

The Chairman read a letter from the Honourable the Speaker, dated 22nd September, acknowledging the receipt of letter from the Committee of even date, and informing the Committee that he approved of their suggestion with regard to reporting, and had written to the Honourable the Chief Secretary, asking him to take what steps he deemed desirable in the matter.

Evidence further corrected.

At 1 o'clock the Committee adjourned till half-past 2.

The Committee met again at half-past 2.

Members present.—Mr. Lewis (Chairman), Mr. Aikenhead, Mr. Propsting, Mr. Mackenzie, and Mr. Mulcahy.

Evidence further corrected.

Ordered, That Mr. C. Napier Bell be summoned to give evidence at 11 o'clock on Monday next.

At 5.50 P.M. the Committee adjourned till 8 o'clock.

The Committee met again at 8 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Aikenhead, Mr. Mulcahy, Mr. Mackenzie, and Mr. Propsting.

Evidence further corrected.

At 10 o'clock the Committee adjourned till 10 o'clock on Monday next.

MONDAY, 25TH SEPTEMBER, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Aikenhead, Mr. Propsting, and Mr. Mackenzie.

The Minutes of the last Meeting were read and confirmed.

The Honourable W. W. Perkins was recalled and was further examined by the Committee.

Mr. Davies and Mr. Mulcahy took their seats.

Mr. Perkins withdrew.

Mr. Charles Napier Bell, Consulting Engineer to the Strahan Marine Board, was called in, made the declaration prescribed, and was examined before the Committee.

Mr. Bell was asked by the Committee to submit a letter dated 27th May, from Captain Miles to himself.

Mr. Bell informed the Committee that the letter was marked "Private and Confidential."

Captain Miles stated that there was a paragraph in the letter which was confidential and of no public importance.

Strangers were ordered to withdraw, and the Committee deliberated.

Captain Miles was called in and the Chairman stated to him that the letter had been repeatedly referred to in evidence, and should have been included among the correspondence submitted by Mr. Barrowman; the letter should have been handed in to the Committee, and if, after deliberation, the Committee considered the paragraph referred to had no material bearing on the case, it would be expurgated.

Mr. Bell submitted the letter to the Committee with Captain Miles' consent.

The letter was read, and after consideration, the paragraph was expunged.

At 1 o'clock the Committee adjourned till a quarter-past 2.

The Committee met again at a quarter-past 2.

Members present.—Mr. Lewis (Chairman), Mr. Aikenhead, Mr. Mackenzie, Mr. Propsting, Mr. Mulcahy, and Mr. Davies.

The examination of Mr. Bell was continued.

A letter was ordered to be written to the Honourable the Treasurer, requesting him to authorise the Telegraph Department to furnish to the Committee—

(1.) The original of the telegram sent on 17th April from Leslie Miles, at Strahan, to his brother in the Union S.S. Co.'s Office, Hobart.

(2.) The original of the telegram sent on 31st July from Leslie Miles, at Hobart, to Durbidge, New Zealand.

At 4.15 the Committee adjourned till half-past 7.

The Committee met again at half-past 7.

Members present.—Mr. Lewis (Chairman), Mr. Aikenhead, Mr. Davies, Mr. Mackenzie, Mr. Mulcahy, and Mr. Propsting.

The examination of Mr. Bell was continued.

Mr. Bell submitted to the Committee correspondence between himself and the Strahan Marine Board.

Mr. Bell withdrew.

Ordered, That Mr. Arthur Risby be summoned for 10.15, Mr. George Steward, the Under Secretary, for 10.30, and Mr. F. O. Henry for 11 o'clock to-morrow.

At 9.50 P.M. the Committee adjourned till 10 o'clock to-morrow.

TUESDAY, 26TH SEPTEMBER, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Aikenhead, Mr. Mackenzie, Mr. Mulcahy, and Mr. Davies.

xvii

Ordered, On reconsideration of the Minute of 7th September, in which Mr. Hungerford was informed that all reference to a statement of his based on hearsay information, the authority for which he had refused to give, would be expunged from the evidence, that the Minute should be rescinded, and the evidence published as taken down.

The Chairman read a telegram, dated 25th September, which he had received from Mr. A. G. Prater, informing the Committee that he was unable to find the authority from Stocks to return the deposit to Captain Miles.

Mr. Arthur Risby was called in, made the declaration prescribed, and was examined before the Committee.

Mr. Risby withdrew.

Mr. George Steward, the Under Secretary, was called in, made the declaration prescribed, and was examined before the Committee.

Mr. Steward withdrew.

The Committee considered the correspondence submitted the previous day by Mr. Napier Bell.

Mr. Frederick Ormiston Henry, Warden of the Marine Board of Strahan, was called in, made the declaration prescribed, and was examined before the Committee.

Mr. Henry submitted to the Committee a telegram, dated 29th June, 1899, from the Master Warden of the Strahan Marine Board to himself.

Mr. Henry withdrew.

The Honourable E. T. Miles, Minister of Lands and Works, was further examined.

The examination of Captain Miles was concluded.

At 1 o'clock the Committee adjourned till half-past 2.

The Committee met again at half-past 2.

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Aikenhead, Mr. Mackenzie, Mr. Davies, and Mr. Mulcahy.

The Committee considered the correspondence.

The Chairman read a letter he had received from the Secretary to the Post Office, in reply to a letter sent to the Right Honourable the Treasurer yesterday, stating that, under Section 11 of 20 Victoria No. 22, the telegrams asked for cannot be given up without the authority of the person who sent them.

The Committee proceeded to further read through and correct the evidence.

The Committee further considered what portion of the correspondence should be printed.

At half-past 5 the Committee adjourned till 10 o'clock to-morrow.

WEDNESDAY, 27TH SEPTEMBER, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Mackenzie, Mr. Davies, and Mr. Propsting.

The Minutes of the last Meeting were read and confirmed.

The Chairman read a letter from Mr. Mulcahy, stating his inability to be present at the Committee during the morning.

Mr. Aikenhead took his seat.

The Chairman read a letter he had drafted acknowledging the receipt of the letter, dated 26th September, from Mr. Bayly, Secretary of the Post Office, and stating that Section 11 of the Telegraph Act referred to, deals only with private or secret messages, despatches or communications, directing his attention to the definition of the words "private or secret message, despatch, or communication," in Section 21, and asking him if the telegrams applied for were actually described in writing to be private or secret at the time of sending the same by the person sending the same.

The Committee ordered that the letter should be sent.

Later in the day a reply was received from Mr. Bayly, together with the telegrams called for by the Committee.

The Committee considered the correspondence relating to the Strahan Marine Board Inquiry.

At 12:50 the Committee adjourned till half-past 2.

The Committee met again at half-past 2.

Members present.—Mr. Lewis (Chairman), Mr. Aikenhead, Mr. Archer, Mr. Davies, Mr. Mulcahy, Mr. Mackenzie, and Mr. Propsting.

Correspondence further considered.

Evidence further read and corrected.

At 4 o'clock the Committee adjourned till 10 o'clock to-morrow.

THURSDAY, 28TH SEPTEMBER, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Aikenhead, Mr. Mackenzie, Mr. Mulcahy, and Mr. Propsting.

The Minutes of the last Meeting were read and confirmed.

The Chairman read a letter from the Honourable E. T. Miles, Minister of Lands and Works, requesting that Mr. C. Napier Bell be recalled, in order that he might question Mr. Bell in reference to a statement of his made in evidence on Monday evening.

The duty of preparing a Draft Report was entrusted to a Sub-Committee consisting of Mr. Lewis, Mr. Mulcahy, and Mr. Propsting.

The Committee further considered and corrected the evidence.

At 1 o'clock the Committee adjourned till half-past 2.

The Committee met again at half-past 2.

Members present.—Mr. Lewis (Chairman), Mr. Archer, Mr. Aikenhead, Mr. Mackenzie, Mr. Mulcahy, Mr. Davies, and Mr. Propsting.

Mr. C. Napier Bell was recalled, and further examined.

Mr. Bell withdrew.

The Honourable E. T. Miles, Minister of Lands and Works, was called in and further examined.

Captain Miles withdrew.

Evidence further considered and corrected.

At 4 o'clock the Committee adjourned till 10 o'clock to-morrow.

FRIDAY, 29TH SEPTEMBER, 1899.

The Committee met at 10 o'clock.

Members present.—Mr. Lewis (Chairman), Mr. Mulcahy, Mr. Archer, Mr. Mackenzie, Mr. Propsting, Mr. Aikenhead, and Mr. Davies.

The Draft Report was received in instalments during the day from the Sub-committee on Drafting, and read through by the Committee.

The other members of the Committee further considered and corrected the evidence.

At 12-55 the Committee adjourned till half-past 2.

The Committee met again at half-past 2.

Members present.—Mr. Lewis (Chairman), Mr. Davies, Mr. Archer, Mr. Aikenhead, Mr. Mackenzie, Mr. Mulcahy, and Mr. Propsting.

The Committee finally considered and corrected the evidence.

Draft Report further considered.

The Chairman read a telegram, dated 29th September, from Mr. A. G. Prater, informing the Committee that he had just found authority from Stocks to return deposit from Captain Miles.

Ordered, That the letter be printed as an Appendix.

At 4 o'clock the Committee adjourned till 6 o'clock.

The full Committee met again at 6 o'clock.

The Minutes of the last Meeting were read and confirmed.

The Draft Report was further considered, and agreed to.

The Committee having received permission to sit during the sitting of the House ;

The report was adopted.

Resolved, That the documents contained in the Appendices be printed.

The Committee adjourned *sine die*.

EVIDENCE.

FRIDAY, AUGUST 25TH, 1899.

NORMAN CAMERON, M.H.A., *called and examined.*

1. *By the Chairman.*—Your name is Norman Cameron and you are a Member of the House of Assembly? I am.

2. This Committee is appointed to inquire into the circumstances connected with the Macquarie Harbour Bar contract, the relations of the Strahan Marine Board in regard thereto, and all matters pertaining to the constitution and working of that Board. Can you give us any direct evidence which will assist us in that investigation? I think so. I have here a number of charges, amounting to six, and it would simplify matters very much, if these charges were taken down, and then you could call evidence either in support or in rebuttal of same. I will read them out to you.

Charges against the Minister of Lands in connection with the Strahan Marine Board.

- (1.) That Warden Miles did on the 21st December, 1898, offer as a bribe to Warden Morrisby one-half of the salary accruing to the office (or likely to accrue) of Master Warden of the Strahan Marine Board, with the intention of securing his vote thereby.
- (2.) That Master Warden Miles did add additional clauses to the specifications of the West Breakwater at Macquarie Heads after the lowest tender was accepted (this is very important) without first consulting the Board.
- (3.) That he did recommend to the Board, in the event of Hungerford not signing, that Durbridge and Co.'s tender be accepted, himself being interested through his son, the latter being a partner.
- (4.) That in communicating with Mr. Napier Bell respecting Hungerford's tender and the new clause he did not first consult the Board, and failed to produce the correspondence connected therewith.
- (5.) That he called for fresh tenders without advertising, without the consent of a majority of the said Board.
- (6.) That the Select Committee examine as to Durbridge & Co.'s financial position.

3. Have you any direct evidence to give of your own knowledge? Nothing whatever.

4. Certain charges were made by you and particularly repeated on the platform at the Town Hall and in the House—can you give us the sources of the information on which such charges were based in order to assist us? Yes. Mr. Morrisby is my authority for every charge that I have made.

5. *By Mr. Mulcahy.*—Is Mr. Morrisby your sole authority, or did you get any information from any other source? No; I could not truthfully say that I have.

6. *By Mr. Mackenzie.*—Refresh your memory—Did not Hungerford & Co. give you any information? Yes; Hungerford & Co. gave me or sent me a printed piece of paper, which they also sent, I understand, to every Member of the House of Assembly, but I never had any other letter or any other information from them. I have had no communication with them that I know of, but I will look through my correspondence, and if I find any more I will send it to the Committee. I don't think I have had any other communication from them excepting the printed piece of paper of which I speak. I may say that I have had two or three anonymous communications, but of course I don't consider them.

7. Then Mr. Morrisby is your sole informant? Yes; that is from the first. Of course I have since had things repeated to me second-hand, but Mr. Morrisby is my only authority.

8. *By Mr. Davies.*—Then all these charges that you prefer against Captain Miles, and on which you say you rely, emanated from Mr. Morrisby? Yes.

9. Did you at any time since Mr. Morrisby made these statements to you ever speak to Captain Miles about them before bringing them before Parliament? Never. It may help the Committee if I say that there is certain correspondence in the shape of letters and telegrams that I wish to have called for. I now hand in a list of all the correspondence I desire to have produced.

Witness withdrew.

ARTHUR MORRISBY, *called and took statutory declaration.*

10. *By the Chairman.*—Your name is Arthur Morrisby; you are a member of the Legislative Council of Tasmania, and also a member of the Strahan Marine Board? Yes.

11. Do you remember when you were elected? On the 9th or 10th December, 1898. I forget the exact date.

12. What other members were elected at the same time? Mr. A. D. Sligo, for Zeehan; Mr. J. J. Gaffney and Mr. F. O. Henry, for Strahan; and Mr. S. Gaffney and Mr. James Robertson, for Queenstown.

13. Can you tell us the names of the gentlemen whom the Government nominated as Members of the Board? Yes; Mr. E. C. Driffeld for Queenstown, Mr. W. P. Hales for Strahan, Mr. E. L. Hall for Zeehan, and Captain E. T. Miles.

14. This Committee has been appointed to inquire into the circumstances connected with the Macquarie Harbour Bar contract, the relations of the Strahan Marine Board in regard thereto, and all matters pertaining to the constitution and working of that Board. We desire now to deal first with any matters pertaining to the constitution of the Board, and in particular to the first election of a Master Warden, and all matters instant thereto. Will you kindly give the Committee any information you have that may be of assistance to them in that regard? Yes. Well, the first business would be the election of Master Warden. I would then have to give a circumstantial account of the proceedings in connection with that; it will be a pretty long account.

15. Well, you will please give it? On Sunday the 18th December, 1898, I was at Strahan, and was talking about the election, and I was informed by one of the Wardens that they were going to put Mr. Gaffney in the chair. To that member of the Board I replied that that would not be agreeable to many of the other members, or to the electors, especially of Zeehan. After some further conversation with myself, the subject was dropped. I returned to Zeehan on the Monday and interviewed Warden Sligo and a number of other persons and informed them it was proposed to put Warden Gaffney in the chair as Master Warden. Sligo took great objection to this, as did other prominent Zeehan residents, and Mr. Sligo stated his intention to proceed to Strahan on the Tuesday to interview the other members of the Marine Board, and to see if they would alter their minds. I said I would not go a yard to influence their decision. It had been partly—well, unanimously arranged by Zeehan electors that I should be selected as Master Warden, and several of the Wardens had made deliberate promises to put me in that position. Mr. Sligo proceeded to Strahan on Tuesday, the 20th December; on Wednesday, the 21st, the election of Master Warden was to take place. I went down by train. At West Strahan Messrs. Sligo and Hales got on the train. Mr. Hall, who had been to Queenstown for several days, came down in the train from Zeehan with me, having returned to Zeehan from Queenstown the night before. They got into the carriage from the *Palace Hotel* to go round to Strahan. A number of other persons got on the train at the same time, amongst them Mr. and Mrs. Norman. Mr. Sligo, previous to getting into the carriage, was speaking to Warden Hall through the window. There was no conversation held with me respecting the election of Master Warden. All the way from West Strahan to East Strahan no mention was made of it to me. As soon as I got on the platform at East Strahan, I said to Warden Sligo, who got out at the same time, "What have you done in the matter of the election?" He said, "I have seen F. O. Henry, and can do nothing with them; neither he nor Robertson will give way." I said, "Have you seen Miles?" because the suggestion made before Sligo proceeded to Strahan was that he should see Miles and ask him if he would support me, if there was no chance for himself. Before Sligo left Zeehan he undertook to see F. O. Henry and ask him if he would change his mind and see if he would support me for the chair. He was also to ask Warden Miles the same if there was no chance of himself being elected. I asked, "Have you seen Miles?" "Yes," he said, "I have seen Miles, and we have come to some arrangement." At that time Captain Miles came up, and he said to Mr. Sligo, "Have you told Morrisby of our arrangement?" Sligo said, "Yes, I am just now telling him." He was telling us the arrangement entered into, and he gave me a statement. Captain Miles said, "I would have no objection to see you in the chair, because what you don't know you would soon pick up; but I object to Gaffney, because I don't think he is a suitable man. I would like to be Master Warden if you are agreeable, and am willing to submit the matter to a committee of three, Wardens Hales, Hall, and Sligo, they to decide: if they decide in favour of Miles, you to support me; if they decide in favour of Morrisby I will support you." At this time we were all standing together. First of all I said, "I don't know about this arrangement—this is something new." Captain Miles then mentioned to us his arguments to show why Warden Gaffney should not get the chair. He said, "Warden Hall and myself would not sit under him," and Sligo said, "I would not." Captain Miles also said, "If Gaffney is elected Master Warden, I shall have to consider whether I shall advise the Government not to grant the money, as he is not capable of carrying out the works at Macquarie Harbour." I said to Captain Miles, "I see no reason why I should support you; on every occasion in your power you have opposed me, and you have gone out of your way to oppose me in this election—why should I support you now as Master Warden?" He denied that he had opposed me, but I soon proved to him by his own words that he had done so. I told him that he had gone round to the business people of Hobart, and induced them to put pressure on me at a time when matters were disastrous, just after the failure of the Bank of Van Diemen's Land—I alluded to transactions between him and myself. He replied that he only wanted his own money. There is no necessity for me to explain these business transactions at the present time; I will later on. We had warm words. Miles then said, when he became cooler a little, and I became cooler a little, "I should like to be Master Warden, at any rate, at first." He said, "It is not the money; the salary is no consequence to me; damn the salary; you can take it—anyone can take it—if you like; but I should like to be Master Warden, at all events for the first twelve months." Then Mr. Sligo stepped back a couple of yards or so. After some further conversation, Captain

Miles said, "Look here, Morrisby, I will tell you what I am prepared to do. I would like to be Master Warden, and if you will vote for me I am prepared to share with you half the salary or remuneration I may get" (I don't remember which) "as Master Warden." I said at once, "I will not listen to you, not another word, sir; it is true my pockets are light, but I will not listen to such a thing as that." He then said, in another tone, "Well, I will take half yours." I then said to Sligo, "I will not listen to another word." I then turned round and walked up the platform. I then went opposite *Clarke's Hotel*. Sligo came up, and I said, "When does your Committee meet?" He said he did not know, but he would see Hall. I then said; "I shall abide by the decision of your Committee, conditionally upon your putting before the Committee the fact that Captain Miles has attempted to bribe me." That was two minutes after the conversation with Miles. No one was present but Sligo and myself. I waited about for some time after, when I saw Sligo again. As he came up Sligo said, "Well, it is no use; the Committee are against you." He said, "What kind of a man is Hall, is he at all an opinionated man?" I said, "No, he is a very reasonable man." He said, "Well, he was not with me to-day." I said, "Did you place before him the fact that Miles had tried to bribe me?" He said, "Yes, I did." "And what did Hall say?" I asked. He said, "He treated it very lightly, and would not listen to anything, in fact." He said, "He was very domineering." I felt surprised, and I also felt very downhearted under the circumstances: not that I was attached to the Master Wardenship, but I felt hurt that my friend had acted in this way. A few minutes afterwards we went to the Board meeting, and I recorded my vote in favour of Captain Miles. The votes were equal, and Warden Hall had the casting vote, and he gave it in favour of Warden Miles. After some business had been transacted, we left the Board meeting, and I saw no more of the other members until I went to Zeehan. I then wrote out my resignation and forwarded it to the Master Warden, inserting an advertisement in the paper stating why I had resigned. I afterwards met some of my constituents, and stated the whole circumstances connected with the election of Master Warden, in the presence of Mr. Sligo. Sligo also stated the circumstances to many in Zeehan who would be willing to give the circumstances if called upon. My intention was to call a public meeting, and to have related the circumstances of the interview on the railway platform, but I was dissuaded from this course by Mr. O'Keefe, the editor of the *Herald*, and also by Mr. Fowler, the proprietor of the paper. They asked me not to make a public fuss in connection with the matter. They dissuaded me from calling the meeting, but said that if a meeting were called in connection with the Marine Board I should answer any questions that might be put concerning the platform interview. I then decided to follow their advice. A few days after that a number of gentlemen waited on me, and brought pressure to bear to induce me to withdraw my resignation. I wrote to the Master Warden, and said that if it was not already too late, or words to that effect, I wished to withdraw my resignation. It was before the Government, I presume, as before I got an answer to that letter I received a telegram from the Premier and the Attorney-General, asking me to withdraw my resignation. The result of this was that the resignation was cancelled, or considered cancelled. About a month elapsed, when one or two people at Zeehan got up a petition, asking Mr. Sligo and myself to resign. They did not succeed. They had got some of the opposition or disappointed candidates from the previous election to support them, but they could not get any signatures. These are all the circumstances in connection with the election of Master Warden.

16. *By the Chairman*.—You told us, Mr. Morrisby, that Wardens Hall and Hales travelled with you from West Strahan to East Strahan? Yes.

17. When you got out of the train where did they go to? I don't know.

18. You told us what took place on the platform,—were there any people there when this conversation took place? No; only Mr. Sligo, Mr. O'Keefe, and myself were present when the conversation took place. The passengers had all dispersed. The only person besides ourselves on the platform was Mr. O'Keefe, who was a few yards away when the conversation took place.

19. At what time did this happen? About ten o'clock.

20. When did the Committee sit? About half-past 10 or a quarter to 11.

21. And what time was the meeting? At 11 o'clock; the Committee were there a good while.

22. Where did the Committee meet? At *Clarke's Hotel*, in a private room, I am told.

23. Was Mr. Sligo a candidate for the Master Wardenship? No; he was pledged by the people of Zeehan to support my candidature.

24. Yet he received a large number of votes? Yes; that was because the opposite parties heard of the meeting of the Committee, and they came to the conclusion that the other party were not going to run Gaffney, and that our party would run Miles; and that one of our party would throw his vote away on Sligo, so as to what they call "make the pot boil over." That, I believe, was the decision come to two minutes before the Board met. Of course we knew nothing of this decision at the time. I heard of it since.

25. Had Hall a deliberative as well as a casting vote? Yes.

26. After you decided to send in your resignation, you told us you put an advertisement in the paper. Can you give us the purport of it? Yes, I changed the original form of it. I may state that I went to call and explain it to Mr. O'Keefe, and he induced me to alter it. The purport of it was that if I was requested by a number of ratepayers that I would immediately resign my position on the Board.

27. The advertisement gave no reasons? No; my wish was for the people to put me on the platform so that I could give my reasons.

28. Did any notice appear in the newspapers as to your reasons for resigning? I don't quite understand you.

29. Do you remember if any notice appeared in the Press as to the reasons for your resignation? No; a notice appeared in the *Federalist* or the *Clipper* as to bribery by Captain Miles in regard to other members.

30. Was any notice taken by the West Coast Press? No; I thought there would have been an article sent by the Strahan correspondent.

31. Have you a letter from yourself to Mr. O'Keefe which Mr. Dobson read in the House? Yes; I have that letter in my pocket. (Letter produced. See Appendix No. 9.) I may state that I have written to Mr. O'Keefe, asking him to make a declaration of the occurrence as it took place, and to send it in, and to take it before a justice of the peace.

32. Where is Mr. O'Keefe now? I believe he left Melbourne for Brisbane on Wednesday last. If he does not make the declaration, I should like to have him called to give evidence. That would be very much more satisfactory than the contents of that letter, which was merely written to smooth matters over.

33. You desire to obtain the telegrams mentioned in this letter? Yes.

34. *By Mr. Mulcahy.*—Was Mr. Sligo within hearing distance when Captain Miles offered you half the salary if you would vote for him? Yes, he was within a yard or a yard and a half. He had been talking to O'Keefe, who stepped up on my right, but just behind Miles, not in front of him.

35. Are you quite sure of the words, "if you vote for me"? Yes; I am perfectly certain of the words.

36. Did you think at the time that he offered you a dishonourable bribe? My words and manner would show that. I got in a passion.

37. Had you actually agreed to the Committee at that time? No; my first agreement to the Committee was when I retired to Sligo. I then said, "I will agree to this Committee."

38. Then, after Captain Miles made you the corrupt offer, you agreed to the Committee? Yes, I then agreed to the Committee. My reason was this: I intended to make a condition with Sligo, and that he should place the facts before the Committee that Miles had offered to bribe me. I know Hall as a magistrate, and my friend on the Coast. I knew that Hales was pledged to support Gaffney. I thought Hall impartial, and likely to support me. Sligo was pledged to the Zeehan people to support me, and I thought if Sligo placed these facts before Warden Hall that he dare not vote for a man who would offer to bribe another. That was my reason for consenting to the Committee, and that alone. Another thing: Sligo said to me that if I did not consent to the Committee Gaffney would go in, and I said, "Then let him go in." That was my sole reason for agreeing to the Committee. It was not for any pecuniary consideration.

38A. Why did you not report the matter to the Board? It was this—that it so surprised me when Sligo told me that Hall, who was my friend, did not take notice of the statement as to the bribe, but selected Miles, that I felt an intense astonishment that overpowered in my mind everything else. The mere question of the bribery was as nothing compared to the feeling of astonishment that my friend had selected a man who had tried to bribe me.

39. Did you not then consider it your duty to acquaint the Board with the facts? I had felt it my duty to tell the three men who were the Committee; but when they did not take any notice of it I felt it was useless to place it before the other four men who were bound against me—I felt they would only say, "Serve you right." Warden Hall had decided against me, and had not taken notice of the offer made to me as a bribe to me. My thought was that he would take no notice of it if I did place it before him. I thought he could not alter his decision, as I learned he had disregarded the charge. Of course, looking at the matter since, I feel I should have adopted a different course. It is not every man who would take the same course on calmer reflection. At the time my feeling was one of intense pain and astonishment at being treated so by my friend, whom I thought an impartial and straight man.

40. Was Mr. O'Keefe also within hearing distance when the words were used? I remember that he was three or four yards away. I did not know he knew so much of the conversation as he did until I met him in Zeehan last Monday week. To my astonishment he then told me all the conversation.

41. As it occurred? Yes; I was surprised when he told me, as I did not think he was near enough to know all that occurred. I then asked him the question, "What impression were you under when you heard the conversation—what was your impression of it?" He replied, "My impression was that Miles meant business." I asked, "Did you think he was joking?" and he said, "Certainly not." Further, I asked him, "How did you think I received it?" He said, "Oh, your words and language would show how you received it."

42. *By Mr. Archer.*—Were the meetings of the Board published and open to the Press? Yes.

43. You say you gave no information as to the offer of the bribe at the meeting, and you gave your reasons for not doing so? I have done so.

44. Don't you think it would have been wise to have stated your reasons, so that the public could know what took place? Well, the matter was jumped upon me all within a few moments: had I had half-an-hour to consider I should have taken that course, but the other and more intense feeling was uppermost in my mind, and overpowered me as to the matter of the bribe.

45. You told us that Captain Miles said if Gaffney was elected he should seriously consider whether he should ask the Government not to lend the money for the works? Yes; he said he would seriously consider that.

46. *By Mr. Mackenzie.*—Who was it recommended the Committee? Well, Captain Miles first mentioned it to me.

47. You knew that two of the Committeemen were Government nominees? Yes.

48. And you had implicit faith that they would act fairly? Yes; I had faith in Warden Hall, and as to Hales, I knew he was pledged to Mr. Gaffney: I did not pay much attention to him. I thought with Hall and Sligo; I was willing to leave them to decide.

49. You would have preferred leaving it to the Committee, to give Gaffney no opportunity of being returned? I thought that if Miles's offer was placed before the Committee I would be elected Master Warden, and so enchain him. I was not agreeable to Gaffney being elected: it was the wish of some people up there.

50. When Captain Miles offered you half the salary, you had not agreed to accept the decision of the Committee? No, I had not accepted it then.

51. You only made up your mind at the last moment? Yes. When he offered me a bribe, I agreed to accept the decision of the Committee. I do not think I would have accepted the decision of the Committee if Miles had not attempted to bribe me.

52. Did you tell anyone besides Mr. Sligo that a bribe had been offered to you? Yes; I told Mr. Alfred Slater, a resident of Strahan. I told him of it while the Committee were sitting.

53. You did not say or give the Wardens an idea as to how you felt when they took the offer of the bribe so lightly? No; when I instructed Warden Sligo to put the matter before them, and heard his statement, I was so hurt I did not put it to them. I have never spoken to Warden Hall about it since.

54. You said there was some correspondence in the Zeehan Press? No; in the *Federalist*.

55. Do you know who wrote the letter? No, I can't say. I have an idea.

56. Was that correspondence friendly or unfriendly? It was not friendly to me nor to Captain Miles.

57. You think now that your proper course would have been to have said something yourself at the meeting? Yes, I do. I know now the feeling of the people who combined. At the time other matters drove it out of my mind, especially the charge being thought so lightly of by a friend; that hurt me very much.

58. *By Mr. Aikenhead.*—You have attended most of the Board meetings since, have you not? Yes, most of the regular meetings.

59. Has any reference been made at those Board meetings to the offer of Captain Miles? Not at all. It would have been out of place to have mentioned it, after what occurred.

60. It has never been mentioned by you to the Board? No, only at the meeting the other day. I may mention that in regard to referring the matter to the Committee, I would not have consented had I been informed as to what has transpired since, namely, that members of the Committee had received telegrams from the Premier instructing them to vote for Captain Miles. I did not know that for weeks afterwards. Had I known it at the time I would not have consented to the Committee. I may say that at the first mention of the salary by Miles I did not consider it as a bribe; that was when he mentioned it was not the salary he was going for—that I did not consider in the light of a bribe. It was the subsequent offer, made so deliberately, that I considered a bribe.

61. *By Mr. Propsting.*—When you were speaking with Captain Miles on the platform, you were both rather heated? Yes.

62. Then, on top of this, Captain Miles offered you a bribe, and you felt insulted? Yes.

63. Did you, after that offer, accept the proposal—and why? Because I thought I was paying him out in his own coin. I thought the Committeemen would, when the matter was mentioned, have decided against him.

64. And did you expect the Committee to decide in your favour? Certainly; they could not do anything else in the face of the bribe.

65. And that was why Sligo was to inform them, and you thought that would settle it? Yes.

66. Have you any doubt that Sligo did inform them? None. He said he did so.

67. Are you aware that two Committeemen denied it? I am aware that one has equivocated.

68. And you still think they were informed? I do think so; and I think any man who would go into a Committee Board and decide as to another man under such circumstances would not hesitate at a lie. A man who will act a lie is worse than a man who will tell a lie.

69. What was Captain Miles's first observation to you? He said, "I don't want to go for the salary; money is no object to me; damn the salary; you can have it—anyone can have it."

70. Did he say, "You can give me half yours"? He said, "If you will vote for me, I am prepared to share half the salary or remuneration (I am not sure which) I may get as Master Warden."

71. But he said also he would take half yours? Yes, but in a very different tone of voice. I think when he saw the manner in which I took it that he had made a mistake, and immediately replied, "It makes no difference; I will take half yours."

72. Did you think at the time the whole of the observations as to the salary were impulsively made? No, not in that light at all.

73. You note what Mr. O'Keefe said? Yes; I note that he wrote that to smooth matters over. It would be in a very different form if he were here and gave his evidence.

74. When was it that the first notice in the *Federalist* came under your observation? I can't say.

75. Did other members of the Board see it? Yes; I know the Strahan members saw it.

76. Was no reference made to it in the Board? Sligo informed Henry of Miles's offer after the meeting was over.

77. Do you think the members of the Board afterwards knew of Captain Miles's offer to you? I do.

78. And they took no cognisance of it? No notice.

79. Can you explain why no cognisance was taken of it by the Board? I can't say, except a determination on the part of many not to open up matters of that description with Captain Miles.

80. Have you ever conversed with Captain Miles after the Board has sat with respect to this, before other members of the Board? No, I have never spoken to him on the subject since.

81. Did you, when you informed Slater of the occurrence, tell him the Committee would probably elect you, having a knowledge of the offer made by Captain Miles? I am not clear in my mind whether it was immediately before I got their decision that I spoke to Slater. I remember telling him of the occurrence. He told me the other day that I had told him. How it was that he came to tell me of it was owing to a conversation at the dining table at *Clarke's Hotel*. It was stated there that I had accepted a bribe.

82. In your opinion were the majority of the members of the Board friendly towards Captain Miles? No, I don't think they were.

83. Did not several members of the Board oppose him on almost every occasion? Yes.

84. There was a certain amount of bitterness, was there not? Yes, certainly there was.

85. Seeing, then, this feeling of bitterness, can you explain why the matter was not brought up to a point? I can only imagine they did not care to bring it forward, because it might be thought they were actuated by private feeling against Captain Miles. It was my place to have moved in the matter, and as I did not do it at the first meeting, I considered it would have been out of place afterwards. My intention was to have placed the matter before my constituents with a view to justify my action.

86. When the salary was proposed at the Board, who proposed the amount? Mr. Robertson proposed that the salary should be £200.

87. And at whose suggestion was it fixed at the other lower amount? At Captain Miles's suggestion.

88. What amount was fixed? £150 a year.

89. *By Mr. Davies.*—You said when the first words were used you did not think the words used were the offer of a bribe? No; as to the first remark made by Captain Miles, I did not.

90. Then you did not place the same interpretation on these words? No, that was general.

91. I understood you to say that after this first remark was made you drew away with Captain Miles, and that the conversation was between your two selves? No, I never drew away. I never moved. It was not a private conversation, although we were discussing business matters, and Mr. Sligo drew back a yard or so.

92. You have already stated that though you were firmly of opinion that Captain Miles's action towards you was of a nature abhorrent to you, yet you still decided on the spot to allow the matter to be referred to the proposed Committee? Yes, on certain conditions.

93. The condition you told Sligo was that the whole matter was to be placed before the Committee? Yes.

94. Warden Sligo is a friend of yours? Yes.

95. And Warden Hall was the strongest friend you had on the West Coast? Yes.

96. And you thought if you had it brought before the Committee, as Warden Hall was a personal friend of yours, that, under the circumstances, you would have been elected—you would have thought that? I could not think anything else under the condition I made that the matter should be put before the Committee.

97. That was, that if so many were of opinion it was true when Sligo placed it before the Committee, and Warden Hall being your greatest personal friend, you thought he would have supported you whether this took place or not? Oh, no. I did not know what Hall would do. I had no conversation with Warden Hall at all. Some people said he would be inclined to support Captain Miles, but I thought that, as a Magistrate and a friend of mine, he dared not vote for a man who had attempted to bribe me.

98. When the election took place and you found that Gaffney had retired, finding that he had no show, and that each of Gaffney's friends were throwing away their votes on Sligo, you, I presume, having decided to let the thing go on, felt bound in honour to vote for Miles, though he had attempted to bribe you; but you, having decided that in good faith you would be bound to vote for Miles—how was it that having voted for Miles, and when you found it required a casting vote, you did not get up in your place and place the matter before Warden Hall, and state what took place, so as to put yourself right in the eyes of the members of the Board: how was it you did not rise then and express your opinion of the conduct of Miles? I have already stated that Warden Hall had the casting vote, and that as a member of the Committee he had already decided not to take notice of the bribery. I felt it would be useless to put it before him

then, and my feeling of astonishment at his action was so intense that it was paramount, and drove all other considerations out of my head.

99. You show by your action that you attempted to pay out Captain Miles for his gross conduct in offering you a bribe. Do you still hold that opinion in regard to Captain Miles, that having offered you a bribe, he is unworthy to hold any position in public life? Yes, certainly I do.

100. And that he is a man unworthy to be associated with in any possible way? Yes.

101. Have you, holding that view, been to Captain Miles as Minister of Lands at any time since this occurrence, and asked him to give you any support for any position in connection with the Marine Board? Certainly not.

102. You have not been to him and asked him to do his best to put you in the Master Wardenship? No, I have not.

103. *By the Chairman.*—You said that either Wardens Hall or Hales had equivocated—which do you refer to? I refer to Warden Hall, in the remarks he made at the Marine Board the other day. He then said it was possible something might have been said at the Committee regarding the bribe. He said distinctly, previous to that—I understood he said that nothing had been said at the Committee.

104. You also said these members were pledged to support Captain Miles? Yes; they had received a telegram from the Premier calling upon them to support Captain Miles, and we thought they were bound to carry out the Premier's request. They would not give us the form of the telegram.

105. Do you know from your own knowledge that they were pledged to support Captain Miles? Not from my own knowledge. They admitted the telegram, and the Premier has since admitted sending it.

106. But you can't say that they were absolutely pledged? No, I cannot say that. I know that Hales was absolutely pledged to Gaffney, and the night before the election Gaffney interviewed Hales, and after the interview he said, "By God, there is something up."

107. When did you first meet Warden Hall after the election? The same night.

108. Have you spoken to him since? Yes, often; but not on the subject of the election of Master Warden, and I have not been at his house since as a friend.

109. You have never mentioned this matter to him? No.

110. You have never asked him his reasons for his action? No.

111. When did you first see O'Keefe after the conversation on the platform,—I refer to seeing him as to the conversation with Captain Miles? I saw him the same night at Zeehan. He then tried to get me to withdraw my resignation. The last conversation I had with him at Zeehan was on last Tuesday week. It was then that he tried to smooth matters over, and to indicate my action. I asked him what impression he was under on hearing the remarks of Captain Miles, and he said, "He decidedly meant business; he wanted your vote." I asked him did he think at all that Miles said it in an off-hand and jocular manner, and he said, "Decidedly not." I asked him what he considered was the impression my mind had received, and he said my language and action showed that.

112. When you were a candidate for the Wardenship was anything said as to Government nominees having the office of Master Warden? There was. I was asked on the public platform if I considered a Government nominee should be Master Warden, and I said in reply that I was not in favour of it, and considered it very undesirable.

113. Having yourself voted for a Government nominee, had that any effect on your resignation? It was the exact cause of it. I thought that would give me an opportunity to explain publicly to the people of Zeehan.

114. Was the article you mention as having appeared in the *Federalist* an accurate account of what took place? That I can't remember. It said in effect that a member of the Board had been offered a bribe to induce him to vote for Miles.

115. Can you say when that article appeared? No, not exactly. It would be in the next issue after the 21st December.

116. When did you first mention this matter publicly? I have never mentioned it publicly. I have mentioned it to parties who have asked me about it. The desire I had was not to make a fuss about it. The first public utterance on the subject was by Honourable Members in the House of Assembly, the other day. I never desired it. When any question was asked me about it I told the circumstances.

117. *By Mr. Propsting.*—Would you have referred this question between you and Captain Miles as to the Master Wardenship to the Committee, had he made you no offer? No.

118. Do we understand, then, that you consented to a reference to the Committee because you knew that Warden Sligo would tell them of the offer made to you, and by this means you would make use of the offer of a bribe to get them to vote for you? Yes. I was returned to the Board by a large number of votes over and above the other persons. Warden Sligo and myself represented two-thirds of the votes on the West Coast.

119. Was the voting at the Board by ballot? Yes, by ballot.

120. And you voted for Captain Miles? Yes. I voted for him, as I was bound to do, not knowing the other circumstances. He knew that the Committee was a Committee of fraud. I would not have voted for him had I known about the telegrams. I would have considered that would have absolved me from the obligation of voting for him,

121. What do you mean by a Committee of fraud? I mean in reference to the telegrams received from the Premier, requesting Wardens Hales and Hall to vote for Miles. I consider the telegram amounted to a command, and that as Government officials they were bound to obey it.

122. If Wardens Hall and Hales said to the committee that they were not influenced by the telegrams, what would you say? I would say their conduct was not consistent. Take Warden Hales; he was absolutely pledged to support his friend Gaffney, but after the telegram he threw his friend over.

123. *By Mr. Machenzie.*—You say that Warden Hales was absolutely pledged to support Gaffney? Yes.

124. From your own knowledge, or from someone's report? Well, the statement is secondary, certainly, but it was stated by Warden Gaffney to the parties who told me. They got it from Gaffney and Hales.

125. Had you an opportunity of telling any of the Wardens before you went to the meeting of the offer Warden Miles had made to you? Not after the result of the Committee was known?

126. No, but from that time. You had an opportunity of telling Warden Sligo, you know. Had you an opportunity of telling any of the other Wardens what had been done? Only Warden Henry. I had an opportunity of telling him, but I could not get any satisfaction out of him; he was very short with me, and I knew he was opposed to me.

127. *By Mr. Aikenhead.*—Did you ask Mr. Cameron to bring forward this matter in the House of Assembly? No.

128. Can you state how he came to do it? Well, Mr. Cameron was introduced to me, and he asked me the facts of the case. I gave them to him, as I would have done to others as well if they had asked me. I gave Mr. Cameron the facts, but I did not know what he was going to do about it. He asked me if I had any objection to his putting down my statements, and the answers to his questions, in writing, as he said he had a bad memory, and I said I had not.

129. Did he write it down? Yes, and he read it over to me.

130. Then, what he read in the House was correct? Yes; what he stated in the House was accurate except details, though it does not give all that took place.

131. *By the Chairman.*—When did you have this conversation with Mr. Cameron? Just before his motion for a Select Committee was made. Numbers of Members of Parliament came to me in Hobart and asked me concerning the rumour that was about. Members of both the Assembly and the Legislative Council came to me, and some even asked me if I had accepted a bribe. A rumour was about that I had accepted a bribe. It was stated at a public dining table at Strahan that I had accepted a bribe. I was willing to tell the facts to those who asked me, but I never ran after anyone.

132. Who was the first Member of Parliament you spoke to about this matter? I gave Mr. Mulcahy the particulars voluntarily at Zeehan, the night of the occurrence.

133. Who was the next Member you mentioned it to? I don't know. I was in the House and met Mr. John Henry, and he was one who was speaking to me about it. I afterwards, I think, saw Mr. Hartnoll, and also Mr. Douglas. I can't remember all. Mr. Douglas, I think, came to me and said he had heard the rumour, and asked me about it, and I gave him the facts.

134. *By Mr. Davies.*—Mr. Mackenzie asked you if you spoke to any other member of the Board on the subject of the election to the Master Wardenship, and you said, "To Warden Henry." Was that in reference to what took place between yourself and Captain Miles? No. I don't think I mentioned the matter of bribery to Warden Henry.

135. Then, although you had an opportunity of mentioning it to Warden Henry, you did not think it advisable to say anything on the matter? No, I did not mention the matter of the bribery then. I did subsequently, but it was Warden Sligo who told him first.

136. *By the Chairman.*—Were there any irregularities in connection with the Marine Board between the time of the election of Master Warden and the time when tenders for the construction of the West breakwater were received—anything you can draw the attention of the Committee to? Yes; when the first tenders for the Breakwater were opened I was present.

137. *By Mr. Davies.*—Were the tenders opened in the presence of the Board? Yes.

138. *By the Chairman.*—But you have nothing between the election of Master Warden and the receipt of the tenders you desire to draw the attention of the Committee to? No.

139. Then that brings us to the meeting when the tenders were received and opened. They were opened in the presence of the Wardens? Yes.

140. Did anything occur when the tender of Derbidge & Co. was opened? I was informed, after the Board rose, that Warden Miles was interested.

141. But what was done at the meeting of the Board? Before the Board rose a telegram was received from Stocks & Co., of Hobart, whose tender was the next lowest. They stated they had tendered under a misapprehension, and that since sending in their tender they had received amended estimates; that they had based their calculations upon wrong estimates, and desired to withdraw it. It was decided then to send the next two lowest on to Mr. Napier Bell for his consideration.

142. Who was the lowest tenderer? Hungerford and Son.

143. And the next lowest? Derbidge and Co.

144. And the next? Langtreys and Co.

145. Who drew up the specifications? Mr. Napier Bell.

146. Did the Board approve them? The Board accepted them.

147. Now, I ask you to state anything you desire as to how the Marine Board dealt with those tenders? The Master Warden had instructions when the tenders were received and opened to send them on to Mr. Napier Bell for his recommendations, and in order that he should see that the conditions were properly complied with and everything straight. Then time went on, and I think it was about a fortnight or three weeks after the tenders were opened I incidentally heard there was a hitch between Messrs. Hungerford & Son and the Board. I made inquiry at Strahan, and learned something about the specifications not being considered sufficiently clear or complete, and that an amended specification had been inserted by the Master Warden, with the assistance of the Clerk of Works, Mr. Barrowman. Warden Henry wired to the Master Warden at Hobart, advising that a special meeting of the Board should be called. We then received a copy of the explanatory clauses or amended specifications. That was the first I knew of anything having been added to the original specifications. The Board met, and Master Warden Miles was present, and he opened the case by stating that it was found the original specifications did not sufficiently provide for an average weight of stone in using stone blocks of the first class. He thought that Hungerford & Son might evade the specifications by providing only 10-ton or 10½-ton stone, and that if he did that he would be complying with the conditions of specification. The first class, according to these, was to be from 10 to 20 ton stone, and Hungerford could comply with the conditions by using stone of 10½ tons.

148. Was that the only amendment made? Oh, no; there were a number of other amendments. They drew up what were called explanatory clauses, under which nothing less than 15-ton stone could be used. That was the clause inserted which the Master Warden asked Hungerford to sign. There were other clauses altered relating to cranes and other things. Hungerford had agreed to the other clauses, but would not sign for the 15-ton stone until he had an opportunity of consulting his sons in Sydney. The Master Warden told the Board that he had agreed to give ten days' extension of time to enable him to go to Sydney and consult his sons. He stated that he had communicated with Mr. Napier Bell urging the advisableness of his explanatory clauses, and he read a telegram from Mr. Bell. I then asked the Master Warden was it not a fact that it was agreed that all the particulars relating to the conditions of the contract should be referred to Mr. Napier Bell. The Master Warden said it was so. I then asked for the correspondence, to show that Mr. Napier Bell had been consulted. The Master Warden said he had written and wired to him and only received some short replies from Mr. Bell, which the Master Warden read. No outgoing letters. I then said that, so far as the Board was concerned, Mr. Napier Bell had not been consulted with, not that I doubted what was read, but there was nothing on the books of the Board to show that he had been consulted. I then moved that nothing further should be done in the way of dealing with the contract until Mr. Napier Bell had been communicated with. He was communicated with by wire, and an answer came by wire agreeing to the explanatory clauses or amended specification. The meeting adjourned until the following Monday, when the Master Warden expected Mr. Hungerford back in Hobart. When the Board met at Strahan on the Monday, they did not know whether Mr. Hungerford would sign the contract or not, and it was decided there and then to send a telegram to the Master Warden and ask him. When, in the event of Hungerford not signing, the Board decided that they would call for fresh tenders. A reply was received from the Master Warden stating that Hungerford still hesitated. The ten days' extension of time would expire on the Tuesday. That was the last they heard of the contract for some time. Later on there was a telegram from Mr. Napier Bell in which he seemed to be under a misapprehension as to the specification being revised before the tenders were issued. I afterwards spoke to the Master Warden in Hobart relative to the telegram. I told him that Napier Bell was under the impression that the clauses in the amended specifications were added previous to tenders being called for. A letter has since been received by the Board from Mr. Napier Bell confirming that, and stating that he had only agreed to the alterations, thinking that they had been inserted previous to the tenders being called for. That letter came just previous to the last meeting of the Board. The letter from the Master Warden to Mr. Napier Bell I have not seen.

149. Was any mention made of defects in the specification when it was first received from Mr. Napier Bell, when the Board considered it before tenders were called for? Not to me.

150. Was any mention made of these defects at the Board meeting? No, I don't remember.

151. Do you know who first called attention to this? Mr. Barrowman, I believe, first called attention to the specification.

152. When was he appointed? I can't say.

153. Was he appointed before the specification was received from Mr. Napier Bell? No, he had not arrived.

154. Can you tell us if he saw the specification before tenders were received? I am not sure, but I think he did.

155. *By Mr. Mulcahy.*—Were there any other important modifications made in the specification beyond those providing for the use of an average weight of stone of 15 tons? No, beyond another as to the number of cranes to be used, and their carrying capacity. That was altered from the original specification.

156. Did you consider, as a member of the Board, that the alterations of the Board in the specifications were fair towards the contractors? No, I did not personally. I did not think

them fair, neither did others who relied on the Master Warden. Some thought we could not do it, and Warden Hall, who is a solicitor, especially expressed his opinion that we could not legally do it.

157. You know the clause refers to the size of the first class stone—would your interpretation be that a man could fulfil the contract by supplying stone a little over 10-ton, and no greater weights? Some Members of the Board thought so; some thought that the contractor could evade it by supplying a little over 10-ton stone. There was a divergence of opinion between the engineers on the Board, of whom there are two, on that point. Mr. Hall thought that by supplying 10-ton stone the contractor would be complying with the contract.

158. Did other tenderers write or make any protest formally to the Board against the specification? I did not know of them. The whole negotiation was carried on between the Master Warden, in Hobart, and the contractor.

159. Are there any written documents, or any evidence we can get on the point? I have not seen any, and I don't know of any.

160. There is, besides the original specification, a contract form, is there not, with conditions, in all large works? Yes, I believe so.

161. Were these new amendments inserted in the contract do you know, or were the original specifications really altered. Were they interpretations or alterations? There is a divergence of opinion, even there. Some think they were additions. The Master Warden and others said they were merely interpretations of conditions.

162. I suppose you have seen the alterations or interpretations? Yes, I have seen them. I know that the one relating to first class stone was most particular.

163. Were the alterations, in your opinion, in the direction of protecting the Marine Board of Strahan, and were they necessary or desirable to protect the interests of the Board? I think they would protect the interests of the Strahan Marine Board, but Mr. Napier Bell stated they would add considerably to the cost of the work to the contractor. I think he estimated the increased cost at some £7000. Mr. Napier Bell states they are most unjust and unfair to the contractor. His statement was that Hungerford would have been a fool to have signed the contract.

164. Has there been any unfair conduct in regard to the subsequent contract regarding the tenderers? Not to my knowledge. I did not attend the two last meetings.

165. Has Mr. Napier Bell yet accepted any of the tenders? He has given no opinion on the last tenders that I know of. I was not present at last meeting. I believe Mr. Napier Bell recommended the next lowest tender, that of Derbidge & Co., but the Board decided to hold over their decision until they could have a personal interview with Mr. Napier Bell.

166. As to the firm that retired—Messrs. Stocks and Co.—do you know anything of that firm? No.

167. Was that a firm that really existed? I know nothing of them.

168. Were there any references submitted to the Board by the competing firms as to their qualifications to carry out the contract? No, I don't remember; most of them were personally present when the first tenders were opened. There were some present from New Zealand, and they expressed their determination not to tender a second time.

169. You don't know that of your own knowledge? No, not of my own knowledge.

170. *By Mr. Archer.*—You said that under the specification the weight of the stone was to be from 10 to 20 tons—I suppose the contractor would have carried out his contract if he had supplied stone 50 lbs. over the 10 tons? That was contended, and Mr. Barrowman argued so. Some of the others argued against that, and there was a division of opinion.

171. Do you know if Mr. Barrowman has had much experience in harbour works of this kind? Yes.

172. Was it on the advice of Mr. Barrowman that the specifications were altered? Yes, I believe so.

173. *By Mr. Mackenzie.*—I suppose it was quite competent for the Board to reject all the tenders? Yes.

174. You consider that the alteration in the reading of the specification was an advantage to the Board. That is the specification as originally drawn was a little ambiguous, and you remedied that by stating that the blocks of stone should be 15 tons? The Board had nothing to do with drawing the specification.

175. Well, after the Board knew of the alteration, were they satisfied it was a proper alteration? Yes, on the representations of the Master Warden and Mr. Barrowman.

176. The Board then thought it would be fair to call for fresh tenders? Yes, in the event of Hungerford & Son not signing the original contract.

177. And they did not do so? No.

178. And all the old tenderers had an opportunity of tendering under the revised reading of the specifications? Yes, I believe so: that was what I understood was to be the case.

179. You say these alterations in the specifications were made by the Master Warden? Yes.

180. And subsequently agreed to by the Board? Yes.

181. There were some letters passed between the Master Warden and Mr. Napier Bell? Yes.

182. Have you seen these letters? I saw one at the last meeting of the Board that I attended.

183. These letters, I presume, are available to the Wardens? I know that Warden Sligo moved for the production of some correspondence, and when he examined it, he found the letters were not all there. I know of a letter, which I saw for the first time at last meeting, in which Mr. Napier Bell stated that the amended specifications were unjust.

184. I presume it would be unjust to compel the tenderers to carry out the amended specification if they could, under the original specification, put in half-weight stone, that is, stone of 10 tons instead of 20 tons? Speaking from memory, I thought it had been stated that Mr. Bell agreed with the amended specification.

185. Mr. Bell thought it important? I believe so, and the Board relied upon Mr. Napier Bell.

186. You therefore think the amended specification important? Yes; I am in favour of anything that will protect the interests of the Board in regard to the contract, but I rely upon Mr. Napier Bell as an engineering authority.

187. *By Mr. Aikenhead.*—Do you know who drew up the amended conditions or interpretation clauses? I can't say; I believe it was Mr. Barrowman.

188. Were they discussed by the Board? Not until after Mr. Hungerford refused to sign them.

189. Were they accepted by the Board and approved? Yes.

190. Did Hungerford & Son put in a fresh tender? I believe so; but I was not present at the meeting.

191. You are not aware of the amounts of the tenders, or how they stood? Yes; I remember somewhere near the amounts. Hungerford's was not the lowest tender on the last occasion.

192. Derbridge & Co. were the lowest, I believe? Yes.

193. Were they much lower? No. I think the lowest was about £39,000, in round numbers, and the others £42,000 or £43,000.

194. *By Mr. Propsting.*—Do I understand you to say that the alterations in the specification were suggested by Mr. Barrowman? I am told so. I have had no conversation with him, but I believe so.

195. Had you been in the position of Master Warden, and the Clerk of Works had suggested any important alteration in the specification, would you have acted in the same way? No, I should have placed it before the Board first.

196. And if the Board had approved, would you then have adopted the course of calling for fresh tenders? Yes, with the approval of the engineer, Mr. Napier Bell.

197. Do you think that in any way the course followed in this instance was not a proper one? Well, you see it was calculated to prejudice Hungerford & Son, and might have involved the Board in litigation.

198. Did you take any advice from the Board's solicitors as to what was legal or otherwise? Yes.

199. And what did they advise? I believe the advice is that there is no case.

200. That the course adopted was a safe one? Well, there is a difference of opinion. One of the wardens is a solicitor, and he said that we were liable.

201. Was Hungerford's tender ever accepted? From what I remember the telegram sent to Hungerford was to this effect: "Your tender is accepted conditionally on your signing the contract."

202. Captain Miles stated that the telegram to Hungerford was—

TELEGRAM.—"The Board prepared to accept your tender conditionally upon your signing the contract being prepared by our solicitors in Hobart."

The words are almost identical? Yes, that is right.

203. Did the Board afterwards meet Mr. Hungerford? Not at any meeting when I was present. The only occasion was when the new tenders were received.

204. Did Hungerford disapprove of the fresh tenders being called for? I can't say that; I have never seen him.

205. When was it first known to the Board that a son of Captain Miles was a partner in the firm of Derbridge and Co.? It came in a letter from Mr. Napier Bell to Mr. Barrowman.

206. Did Mr. Barrowman bring it before the Board? I did not see the letter, but it was on the table.

207. Did the Master Warden tell you his son was interested in the firm. Yes.

208. When? When we were speaking of this matter.

209. Was that before the second tenders were called for? Yes.

210. And was that the first time you heard of it? No.

211. Did you know it previously? After the first set of tenders were opened, I then heard that Miles's son was interested in the firm of Derbridge and Co.

212. Did he tell you then? No. Someone told me, but I have not the remotest idea now who did.

213. When the second tenders were called for, and it was found that one was from Derbridge and Co., was anything said by the Master Warden as to his taking part in deciding on the tenders? I don't know. I was not present at that meeting.

214. Has Mr. Hungerford ever interviewed you respecting the tenders? No, I was introduced to him for the first time the day before the tenders were opened. I have never seen him since.

215. Did the Master Warden call for fresh tenders without consulting the Board? No; he consulted the individual members of the Board by wire, and called for fresh tenders. A number of the members said they did not consent—I did consent, but it was under a misapprehension. Hearing that Barrowman had arrived, and there was a special meeting of the Marine Board at Strahan, I thought it was the better plan to restrict the tendering to the old tenderers. I afterwards found that the wire was from the Master Warden at Hobart, and decided to abide by my action, but others objected to it.

216. Has the Board met since? Oh, yes.

217. Did the Board, when it met, disapprove of fresh tenders being called for? I was not present.

218. Has the Board at any meeting reviewed their action in calling for fresh tenders? No.

219. Do you know anything about the financial position of Derbridge & Co.? Only from a letter of Mr. Napier Bell.

220. Was any question raised as to the financial position of Derbridge & Co.? I think not.

221. Was any question raised as to the financial position of any of the firms tendering? No.

222. *By the Chairman.*—Is Mr. Hungerford still in Tasmania? I don't know.

223. Where is Mr. Hungerford's residence? In Sydney, I think.

224. Where are the head quarters of Derbridge and Co.? In New Zealand, I think.

225. Were the fresh tenders called for by advertisement? No, by invitation amongst the old tenderers.

226. Who had charge of the preparation of the complete contract? Mr. Perkins, I think.

227. He is the solicitor to the Board? Yes.

228. The negotiations between the Board and Mr. Hungerford—were they conducted through Mr. Perkins? I believe so.

229. Have you got the telegram you received from the Master Warden relative to calling for fresh tenders? No.

230. Have you the telegram sent to the other members of the Board? No; I saw a copy of it at Strahan.

231. Who had it? Mr. F. O. Henry.

232. Were any negotiations entered upon between the Board and Mr. Hungerford as to increasing the price according to the amended specifications? Yes; that was suggested by one of the members of the Board, in the first instance.

233. What form did the negotiations take? Mr. Napier Bell was instructed to consult with Mr. Hungerford in Sydney with a view to his accepting an increased price for the amended specifications, or signing the original specifications.

234. And what was the result? I understand Mr. Hungerford refused to take it up.

235. What additional amount was offered to him? I don't know. Mr. Barrowman was afterwards sent to Sydney with full powers to act with Mr. Napier Bell in the matter.

236. Where did these negotiations take place? In Sydney.

237. You knew that the Master Warden's son was interested with Derbridge & Co.? I was informed that Reynolds & Co. were interested with Derbridge & Co.

238. Do you know if other members of the Board had been informed of that? I don't know; but I think that others did know of it.

239. *By Mr. Aikenhead.*—You referred to the three lowest tenders on the second occasion—which were the three lowest tenders? I was not present at that meeting. I only know what appeared in print and what I have since been informed of. The three lowest were, I believe, those of Derbridge and Co., Hungerford and Son, and Langtreay.

240. Can you say that the Master Warden recommended the Board to accept Derbridge and Co.'s tender? No, I can't. I believe he said, if Hungerford refused to sign, he considered that Derbridge and Co. should have the contract. This was on the first occasion.

241. Do you know that of your own knowledge? Yes; I was present at the meeting.

242. *By Mr. Mulcahy.*—Has it ever been acknowledged that Captain Miles's son was a member of the firm of Derbridge & Co. at any Board meeting? I don't know that it was officially. There was a Committee meeting at which a letter from Mr. Napier Bell was read. I think it was stated in that. I had that information from the Master Warden himself.

243. Did that meeting take place before the Master Warden recommended Derbridge & Co.'s tender? No, afterwards. It was in a letter to Barrowman.

244. Would you, as a Warden, have thought the Master Warden's action improper if his son had not been a member of the firm of Derbridge and Co.? No.

245. Would you, as a Warden, have thought it improper in the Master Warden acting as he did, with the knowledge that his son was a member of one of the firms, the firm of Derbridge and Co.? Not if he openly stated that his son was a member of the firm: the Board was in the dark, and others were in the dark. We did not know anything of the negotiations with Mr. Napier Bell. We did not know what was sent to him. We could see from his replies that he did not understand the question, but we had no correspondence before us—nothing to guide us. That has given rise to a lot of discussion—the feeling that we had no outward correspondence.

246. *By the Chairman.*—Is there anything else on which you can inform the Committee as to the management of the Strahan Marine Board, or any other matter? No, I cannot see I can say anything more. Relative to the charge of bribery, I should like to put certain

questions to Captain Miles when he is examined, or, rather, I would put them through the Chairman. There is another matter relative to the absence of an important witness, who went from Melbourne to Brisbane last week. My case depends very much on that. I would only ask for fair play; I am asking nothing unreasonable.

247. *By Mr. Archer.*—Did the Master Warden wire the Board, when sitting, as to who were the partners in the firm of Derbridge & Co? No; I think he stated it at a meeting or a Committee meeting of the Board. He told me himself that his son was a member of the firm of Derbridge and Co.

248. *By Mr. Mackenzie.*—You said the Board had not seen the correspondence between the Master Warden and Mr. Napier Bell: was inquiry made for it? Yes. The Master Warden promised to table the correspondence in connection with the negotiations, and he did table some of it. He forwarded it to the last meeting of the Board. I wrote to Warden Sligo about it, as he moved for the correspondence, and had gone through it. He telegraphs to me his reply, "Impossible to say until Bell arrives and certifies to any other correspondence." I want to have the full correspondence produced which Warden Sligo stated that he had asked for by resolution. Warden Sligo spent all day on Sunday going through the correspondence. Some of it is not dated, and he is not satisfied with it.

249. *By the Chairman.*—Is that all you wish to state? Yes. I presume you will take into consideration what I have asked. I will put the name in later of another witness who should be examined.

WEDNESDAY, AUGUST 30TH, 1899.

ARTHUR GEORGE PRATER, *called and took statutory declaration.*

250. *By the Chairman.*—Your name is? Arthur George Prater.

251. And you are Secretary for the Strahan Marine Board? Yes.

252. And you have been Secretary since its formation? Yes.

253. Do you produce the minute-book of the Marine Board? Yes.

254. And what other documents have you got with you? I produce the rough minute-book, with reports of meetings therein; the letter-book, with all outward correspondence; the tenders and specifications; letters and telegrams received; reports of committees; by-laws of the Board, with all papers referring to the contract; miscellaneous papers, and all correspondence generally.

255. *By Mr. Mulcahy.*—You have all the correspondence there? Yes.

256. And everything connected with the Board? Yes; they are all there, everything.

(Mr. Prater was requested to classify and arrange the papers, and withdrew.)

ARTHUR MORRISBY, *recalled and examined by Captain Miles.*

257. Mr. Morrisby, I understand Mr. O'Keefe was editor of the *Zeehan Herald* when the Master Warden was elected in December last? Yes.

258. He was a friend of yours, and the *Herald* supported your candidature for the Town Board, the Marine Board, and the Legislative Council? Yes, I believe so.

259. The leading article on the day of election of Master Warden supported your claim to the Master Wardenship in preference to those of Gaffney and mine? I believe it did.

260. On the night of the 21st, after the election of Master Warden, you discussed what had occurred in reference to the alleged bribe with O'Keefe, Sligo, and others at Zeehan? Yes.

261. And you were dissuaded from calling a public meeting and relating the circumstances of the alleged bribe by Mr. O'Keefe, the editor, and by Mr. Fowler, proprietor of the paper? Yes.

262. And, although you thus discussed with O'Keefe the whole subject, you never knew until the 14th (last Monday fortnight), and after I had made my statement in the House of Assembly, that O'Keefe heard so much of the conversation on the platform, and then, to your astonishment, he told you the whole as it occurred? Yes; I never knew it till that time.

263. And then he told you all that occurred? Yes. I never heard that he knew it until he told me about it.

264. Your evidence questions 40 and 41 say: "Was Mr. O'Keefe within hearing distance when the words were used?" and you reply: "He was three or four yards away. I did not know he knew so much of the conversation as he did until I met him at Zeehan last week. To my astonishment he then told me all the conversation." Is that correct? Yes. We had a conversation in relation to private matters. My private matters were discussed, and O'Keefe assured me that he walked away, and did not hear that part of the conversation.

265. Give your attention to this: Where was O'Keefe? Was he within hearing distance? You say: "I was surprised when he told me, as I did not think he was near enough to know all that occurred?" I alluded to the conversation respecting the offer from you to me. He assured me he heard the whole of that.

266. He heard all the conversation in reference to the alleged bribe? So he assured me,

267. And you believe that O'Keefe heard the whole of the conversation on the platform, and regarded the words used as a bribe? Yes, I believe what he told me.

268. That he regarded the words as a bribe? Yes.

269. Is he a conscientious man? I certainly think so.

270. And the same evening, two hours afterwards, with this bribe green in his memory, he wrote in the leader in the *Herald* of 22nd December, "Captain Miles is undoubtedly fitted for the post of Master Warden"? Yes; and I agreed in that.

271. O'Keefe and yourself agreed in that? Yes, to a certain extent.

272. The next passage in the *Zeehan Herald* is—"The concensus of opinion in each division of the electorate, both before the election and since, has been averse to placing Captain Miles in the chair, owing to his connection with the shipping company; but he has got there just the same, and is undoubtedly fitted for the post"—is that correct? Yes; that was from your maritime knowledge, and I believed you were capable of carrying out the duties of the office.

273. And you agreed with that, although you say in your evidence that you did not consider me worthy, that Captain Miles, having offered you a bribe, was unfit to hold any position in public life? Yes, morally I thought so.

274. But you did not say morally? Well, I say it now. The question was not asked me by the Committee.

275. You believed I was the right man for Master Warden? Yes, from your maritime knowledge.

276. Did you intend to convey to the Committee the impression that you, on the night of the election, tendered your resignation as a consequence of, or a protest against, the alleged bribe? Not altogether.

277. Had the bribe anything to do with it? Yes.

278. Did you make a public pledge at Zeehan that you would not support me, as a Government nominee, for the Master Wardenship? I made no pledge; I believe I stated my opinion to that effect.

279. You made no pledge; then you did not break any pledge? No.

280. Did you insert an advertisement in the *Zeehan Herald* on the morning after the election which referred to that broken pledge? Yes, I did.

281. That advertisement in the *Zeehan Herald* of 22nd December, 1898 reads—"Ladies and gentlemen, having found it impossible to keep the pledge made to you on the public platform, and at the same time conserve what I believe to be your interests, I feel that I cannot honourably retain my seat on the Board"—is that statement true? Quite correct.

282. Now, you have just admitted to the Committee that you did not make a public pledge? No, I did not make a pledge, but they thought it was one.

283. What is your meaning? The people thought it was a pledge; strictly speaking, it was not a pledge.

284. Then, why did you say so in the advertisement? I can give the reason, and it is for the Committee to decide.

285. You inserted the words in the *Zeehan Herald* of 22nd December in reference to that broken pledge? Yes, I acknowledge the words; they were inserted by a friend of mine.

286. Why was it impossible for you to keep the pledge and vote against me as Master Warden? Because I was induced to abide by the decision of the Committee. They got my consent to abide by its decision by fraud.

287. That is not my question. I ask you why you could not keep your pledge? Because I bound myself to the Committee, and had to abide by my word, which was a distinct pledge. That was not the case in regard to what had been said on the public platform. I made a distinct pledge to the Committee, but not to the ratepayers.

288. In what way were you conserving the interests of the electors by voting for a man whom you say at the same time was unworthy to hold any position in public life (question 100)? Morally, yes. I thought you were not worthy; but a man in that position might be valuable all the same by his knowledge of maritime matters. I would therefore be conserving the interests of the ratepayers by voting for you.

289. And yet you considered that in voting for me you conserved the interests of the ratepayers, although I was unworthy of any position? Morally, yes, I did.

290. You had a chance of getting into the chair, but it absolutely vanished if you kept your promise to the ratepayers; but by breaking your pledge you had a chance of getting the chair: was that the reason? I thought if the offer you made me were placed before the Committee I would secure the support of the Committee, but it might not elect me. It would all depend on the Chairman's casting vote. It was not absolutely certain that I would be elected.

291. You say the advertisement gave no reason for your resigning (question 27). You were asked about the advertisement by the Chairman, and you said the advertisement gave no reason for resigning. Will you now say, after hearing it read, that the advertisement gave no reason? What I alluded to in the answer I gave was that it did not allude to this offer from you to myself.

292. You told the Committee that the advertisement gave no reason for resigning—you say in the paper that your reason for resigning was that you found it impossible to keep the pledge made by you on a public platform; and you could not honourably stop on the Board? That was not my whole reason for resigning. I would give that to the people of Zeehan.

293. Then, the statement you made to the Committee—that the advertisement gave no reasons—is not true? Partly. If the question had been put more in detail by the Committee they would have got a further answer.

294. And the statement you made to the Marine Board on August 21st did not show that the offer of a bribe was your reason for resigning? Not altogether.

295. You said, at that meeting of the Marine Board, that “afterwards he told several constituents at Zeehan of the occurrence, and resigned his seat. His constituents urged him to withdraw his resignation, and the Premier and Attorney-General also: he yielded to his constituents’ request.” Does it not appear from that that you tried to make the Marine Board believe you said this, and resigned your seat on account of the bribe? I can’t tell more than I have done. I said at that meeting more than appears in the report.

296. You told the Committee that you gave no reasons for resigning, and that the advertisement gave no reasons for your resigning? I understood that question to refer to the offer made by you to me, and I answered the question as I understood it.

297. Mr. O’Keefe says in his letter, “I cannot exactly remember the conversation, because I did not attach a great deal of importance to it at the time.” In the face of O’Keefe’s written statement, you say that O’Keefe told you all the conversation, as it occurred, no later than last Monday week. Which is correct, O’Keefe’s statement or yours? I consider O’Keefe’s statement to me was correct. His letter, written afterwards, was intended to smooth matters over. He could tell you much more if he was here himself.

298. He said in his letter that he did not attach any importance to the conversation at the time. You say that you did not know he knew so much of the conversation as he did, until he told you afterwards all that occurred between you and myself? Yes.

299. Then, either you or O’Keefe must be incorrect? I believe O’Keefe’s statement, as he made it to me, at Zeehan.

300. He says in his letter that he attached no importance to the conversation? His letter does not go into details.

301. Then, you stick to your statement? Yes; I stick to my statement that O’Keefe told me at Zeehan that he heard all the conversation between us.

302. Though the words of the letter are that he did not remember the exact conversation. He said also, “So far as I can remember, Captain Miles said the salary was no consideration to him, and that you could have half of it.” In the face of your friend’s written statement, do you still say that I added the words, “if you will vote for me”? You did say so.

303. He said nothing at all in writing about the conversation as to the words “if you will vote for me”? He told me about it though.

304. You did not say you asked him to write the letter? Certainly I asked him to write the letter.

305. But why? You had seen him only two days before at Zeehan? Yes.

306. And he went on to Burnie? Yes.

307. You wrote him then to Burnie, and he wrote to you in reply, stating what had occurred? Yes; I asked him to write me a letter stating the conversation he heard on the platform.

308. Did you not think to ask him for that in your conversation at Zeehan? No; I had not time to do so.

309. Were you at the banquet with him? I was there just at the end.

310. In your answer to question 15, you say I went round to the business people of Hobart and induced them to put pressure on you just after the failure of the V.D.L. Bank? Is that a fact? Yes, I am informed so.

311. Will you give the Committee the names of the business firms I went round to, or who informed you I had done so? Well, Mr. Risby, of Risby Bros., was one who informed me.

312. Any other business firms? I don’t remember any others. Mr. Wallace Risby was my informant.

313. Can you give the Committee the names of the business people you say I went round to? Yes, the business people I alluded to were Messrs. Risby Bros.

314. But in answer to question 15, you made a statement that I went round to the business people of Hobart and induced them to put pressure on you at a time when matters were disastrous, and so on,—now was this really part of the discussion that took place between us at the time you say I offered you the bribe? Yes.

315. Did that conversation take place, that I went round to the business people, and so on? Yes.

316. Then you say that the statement you made as to the conversation on the platform is true? I say I was informed that you had done so, and that I told you of the fact on the platform.

317. You just now told us a member of one of the business firms I went to and induced to put pressure on you (I shall ask the Committee to call that gentleman to say whether I ever in any shape or form did ask him to put pressure on Mr. Morrisby)? Well, I may say that the conversation on the platform was not the first time I had told Captain Miles of this circumstance.

318. In answering questions 130 and 132, you stated that what Mr. Cameron stated in the House was accurate in every detail? No; I said that what Mr. Cameron read was accurate, excepting as to details, although it does not give all that took place.

319. You mean that it was correct, but it did not fill in all the little details? Quite so.

320. Well, Mr. Cameron stated that on Wednesday, December 21st, Mr. Morrisby was talking to Mr. Sligo on the platform when he came down to Strahan—Excuse me, I am alluding, in my evidence, to the night of Friday, August 8th, and what Mr. Cameron said then.

321. You mean the statement he had written down? Yes, that is correct.

322. Yes, Mr. Cameron then stated that "on Wednesday, December 21st, 1898, Mr. Morrisby was talking to Mr. Sligo. He (Sligo) proposed that Mr. Morrisby and Mr. Miles should leave their respective claims to be Master Warden of the Strahan Marine Board in the hands of a Committee of three." Sligo proposed that. Then you are asked in question 46,—“Who first recommended the Committee,”—and you say, “Captain Miles first mentioned it to me”—which is true, Cameron’s statement or yours? Both are true. Sligo was in the act of mentioning the matter to me when you came up and said to him, “Have you told Morrisby of our arrangement.” He said, “I am just telling him of it.” You then took the conversation up and told me what the proposal was.

323. But you said that Mr. Cameron’s statement was accurate? Yes, except in detail.

324. Mr. Cameron stated in the House that “On Wednesday, 21st December, Mr. Morrisby was talking to Mr. Sligo, and Sligo proposed they should leave their respective claims to the Master Wardenship in the hands of a Committee of three”—there is the direct statement that Sligo made the proposal. In answer to question 46 you were asked,—“Who told you of the proposal?”—and you said I first mentioned it to you—those two statements will not lie together? I maintain they can: Sligo was telling me when you came up. You, Captain Miles, said to Sligo, “Have you told Morrisby of the arrangement?” he said, “He was just telling me,” and then you went on and told me of the arrangement; so that, practically, both told me at the same time.

325. In question 15 of your evidence, Mr. Morrisby, you say, “When we became cooler Miles said, ‘I should like to be Master Warden, at any rate, at first; it is not the money—the salary is of no consequence to me—damn the salary, you can take it if you like; but I should like to be Master Warden, at all events for the first twelve months.’ Then Mr. Sligo stepped back a couple of yards or so”—what was Sligo’s object in stepping back a few yards? When private conversation was introduced he stepped back. He thought something private was going to supervene, and he desired not to be within hearing of it.

326. You have said in your evidence that he stepped back a few yards, and you must attach some importance to that, because you used the same words at the meeting of the Marine Board. There you said, “This led to further words, and the interview became pretty warm, and Sligo retired a little distance”—I presume both these expressions refer to the one movement of Sligo; he only moved away once? Yes; I believe that is it.

327. You are certain Sligo moved away? Not of my own knowledge; he informed me that he did.

328. Oh, but you have stated that he did—you said he moved away a few yards? Yes; so that he could not hear what he thought was a private conversation.

329. But you say he moved away of your own knowledge? Well, I believe he did.

330. What right had you to tell the Committee that he moved away a few yards if you did not see him move away? I know he did move away—he told me that he did.

331. I desire to impress on you the importance of this,—you said at the Marine Board meeting that Sligo retired a little distance—you told the Committee that he stepped back a couple of yards or so. Do both these statements apply to the movement of Sligo? Yes, I believe they do.

332. He only moved once? Yes.

333. You are certain Sligo moved away, and certain these words about the salary were used before he moved away. The words, “Damn the salary; you can have it if you like,” were made use of before he moved away? Yes.

334. You state here that the words were used before Sligo moved away; at the Marine Board you said they were used after he retired a little distance—which is correct? No; there I alluded to the words, “If you will vote for me.”

335. You have admitted, both at the Marine Board and to the Committee, that two offers were made, one “unconditional,” the other “conditional that you voted for me?” Yes, I believe so.

336. I know what you said at the Marine Board. That there may be no mistake about it, I will read from the report—“This led to further words, and the interview became pretty warm, and Sligo retired to a little distance. Captain Miles said it was an absolute necessity that Warden Gaffney should not be in the chair, as both he and Hall, and also Sligo, would not sit under Gaffney.” Then, as regards the salary—“Captain Miles said he would like to be Master Warden, and did not want the salary, and that he (Warden Morrisby) could take it.” That is what you call the unconditional offer. “He (Warden Morrisby) replied, that he did not want the salary unless he had the office and did the work.” You say that offer was made after Sligo retired? No, I did not.

337. Do you dispute the accuracy of the report in the paper? No; but that report does not contain more than an outline of what actually took place. Not half of what was said at the meeting is reported there.

338. Do you say that the report is inaccurate? I maintain that the evidence I gave before the Committee here is correct. That report of the Marine Board meeting is not a full report.

339. Is it a correct *precis* of what took place? Yes, it is a correct *precis*.

Captain Miles.—Well, I wrote to the reporter a day before the Marine Board meeting, and asked him to take a full report, and I have no doubt he has got full notes of everything. This is very important, because it fixes something that I have stated. I said in my statement to the House that Sligo was not there when the alleged bribe was offered, and I still say that it was not as Mr. Morrisby has said in his evidence before the Committee.

Mr. Morrisby.—Well, I am here to answer questions, not to listen to an address.

340. You say that these words were used after Warden Sligo moved away? They were used both before and after. You made the offer twice. It was the second offer that was made that I call a bribe.

341. Then, I will refer to the bribe as the "conditional" offer, and the other as the "unconditional" offer. Now, in respect to the "unconditional" offer; I uttered the words to you, "I don't want the salary, you can take it." You did not regard that as a bribe. Now, was that offer made before Warden Sligo moved away a little distance—was it made before or after? That was made before.

342. I put the statement from the newspaper report—was that correct? I made use of the words stated there. It is a correct report of the Marine Board meeting, but all the details of what took place are not in the newspaper. It is a correct report, but not in detail.

343. If you say the report is incorrect, I will get the newspaper reporter down and he can explain? Between the general offer as stated by Captain Miles and what he has said was the conditional offer a lot of conversation took place and private matters were referred to. Warden Sligo then went away, and after he had moved away he came up again. He only moved away a couple of yards or so. I saw O'Keefe in the first instance.

344. You have admitted, both at the Marine Board meeting and to the Committee, that two offers were made—one conditional and the other unconditional; the one not a bribe, the other conditional upon the words "If you vote for me"? I did not really consider the first offer any offer at all: it was made in general terms.

345. Then, I may put it that way—You said in your evidence, question 60, "I may say that at the first mention of the salary by Miles I did not consider it as a bribe: that was when he mentioned it was not the salary he was going for. That I did not consider in the light of a bribe. It was the subsequent offer made so deliberately that I considered a bribe." Then, the first statement—the unconditional offer—you did not regard as a bribe? I did not consider it as an offer at all.

346. Then, how was it that when you were briefing Mr. Cameron you made no reference to the unconditional offer—did you say anything about that to Mr. Cameron at all? No; I did not give him the whole of the details.

347. Did you not think that was an important point? No, I did not.

348. The words you put into my mouth at the Marine Board meeting are almost *verbatim*. Those I used in the House, and your reply is the one I gave as your answer. These are the words you used at the Marine Board:—"Captain Miles said he would like to be Master Warden, and did not want the salary, and that he (Morrisby) could take it; and Morrisby replied he did not want the salary unless he had the office and did the work." Is this Marine Board version or the one you have told the Committee the revised edition—do they agree at all? At the Marine Board meeting I was speaking very rapidly. I am in the habit of speaking rapidly, and the reporter could not, perhaps, follow me in all I said.

349. I would point out that the two statements don't agree in any respect. For the first time, in all that has been said on the subject, we have the word "damn" introduced in the Committee? I would point out that it is not mine—the Master Warden said, "Damn the salary; you can take it if you like."

350. At the Committee you have stated the words I used to be these: "I should like to be Master Warden, at any rate at first—it is not the money—the salary is no consequence to me—damn the salary! you can take it if you like, but I should like to be Master Warden, at all events for the first twelve months." At the Marine Board you stated, "Captain Miles said he should like to be Master Warden, and did not want the salary, and that he (Warden Morrisby) could take it." He (Warden Morrisby) replied that he did not want the salary unless he had the office and did the work—which of these statements is correct? The statement I made to the Committee is absolutely correct. I am not responsible for what the reporters took down at the Marine Board meeting. I spoke very rapidly, and they would not get all I said—at least they don't generally do so.

351. And did you not regard that as of sufficient importance to give it with your other information to Mr. Cameron? No. I did not give Mr. Cameron anything, certainly not of the little details—I merely answered the questions that he put to me.

352. You admit that I offered you part of the salary unconditionally, and that you refused it—you allude to that in your evidence? I don't understand what offer you are now alluding to.

353. You stated that I said, "I should like to be Master Warden, at any rate at first; it is not the salary; you can have it if you like, as I don't want it"—is that correct? Yes, that is what I told the Committee you said, referring to the salary—"You can have it if you like," or, "Anyone can have it."

354. After I said I did not want the salary, and after having offered you the salary without any conditions as to your vote, you go on to say that I then offered you half the salary if you voted for me, and, as an alternative, that I could take half yours? Yes.

355. Do you still hold to that statement? I do; you offered me a bribe.
356. Who heard it? Mr. Sligo.
357. What about Mr. O'Keefe? Mr. O'Keefe told me he heard it also.
358. Then Sligo heard it, and also O'Keefe? Yes.
359. Where was Sligo at this time? He would be about a yard and a half from me.
360. Did Sligo make any reply? No, he did not; the offer was addressed to me.
361. And Sligo said nothing? No, he made no reply. You were not addressing him; you were addressing me.
362. And Sligo made no reply? No.
363. Where was O'Keefe? I don't remember seeing him at that particular moment; I know he was somewhere on the platform.
364. Did you not tell the Committee where O'Keefe was? From what he told me he was three or four yards on my left.
365. But you told the Committee where he was? No, I don't think so. I did see him on the platform, but not at that particular moment.
366. I asked you where was O'Keefe, and you say you did not see him at all. That is most important, if he was not there, or was not seen in the neighbourhood? I do not remember seeing him at that particular moment. I can remember seeing him on the platform.
367. *By the Chairman.*—You say you remember he was three or four yards away? No; I don't remember seeing him when the words were used.
368. You said so in your evidence to the Committee? No, I don't think so. The question must have been misunderstood.
369. But you said he was there? He informed me so.
370. *By Mr. Mulcahy.*—You said, in answer to question 18—"the only person besides ourselves on the platform was Mr. O'Keefe, who was a few yards away when the conversation took place"? Well, he told me that he was there, but I did not see him.
371. *By Mr. Propsting.*—Did I understand you that you did not see him at the moment? Yes. When the early part of the words were used he was on the platform, but I was engaged in an animated conversation with Captain Miles, and I lost sight of him, and never saw him again. I had forgotten all about him until he told me he had heard the conversation.
372. *By Captain Miles.*—Later on, in answer to Mr. Mulcahy, you said that he was within hearing distance. In answer to question 34 you said, referring to Sligo—"Yes, he was within a yard or a yard and a half. He had been talking to O'Keefe, who stepped up on my right, but just behind Miles, not in front of him"? It was Sligo who stepped up on my right, not O'Keefe.
373. Then, you did not see O'Keefe? No. I did say that Sligo stepped up on my right.
374. You don't say that in the evidence? I did say that; if it is stated otherwise, then, it is taken down incorrectly.
375. It is important, and I want an answer? I said distinctly that Sligo stepped up on my right. I don't remember seeing O'Keefe, although he was there in the early part of the conversation.
376. You were asked, "Was Mr. O'Keefe also within hearing distance when the words were used," and you said, "I remember that he was three or four yards away," is that so? Yes, so I do. He was on the platform in the early part of the conversation, and he moved away.
377. You go on to state, "To my astonishment he knew all about the conversation;" and further you say, "I was surprised when he told me, as I did not think he was near enough to know all that occurred"—is that so? That is quite correct.
378. Then, I understand now that you don't know exactly where O'Keefe was when the alleged bribe was offered? When the words were used he might be three yards away or four yards away.
379. You told us just now that you did not see him at that time? If I had my back to him and within three or four yards of him [in this fashion], how could I be looking at you?
380. I want to know where O'Keefe was?—
381. *By Mr. Mulcahy.*—The answers to the 18th and 40th questions say, in each case, that he was from three to four yards away? The conversation lasted for some time, and I did not see him at the moment. He assures me that he was there and heard the words used, and I am not prepared to doubt him.
382. *By Captain Miles.*—I want to know what you know of your own knowledge? I am aware he was there when the conversation took place, but I was not in a position to see where he was at that particular time.
383. I want you to say? I distinctly remember seeing O'Keefe on the platform. When the conversation started my attention was not directed to O'Keefe, but to Miles. He assures me that he was within hearing distance, and I came to the conclusion that he had not moved, hence, I say he was two or three yards away. He was only three or four yards away when the conversation first started.
384. That is not what he says in his letter; he says, "Of course I cannot exactly remember the conversation, because I did not attach a great deal of importance to it at the time. Men often say things impulsively, and I looked upon the remark *re* half salary as an impulsive utterance. To the best of my belief, as far as memory serves me, you had been conversing with Captain Miles

over the Master Warden election. I know positively I heard you say, 'I have no reason to vote for you, Captain Miles, if I studied my personal inclinations, for you went out of your way to do me a bad turn.'" That is the only thing in Mr. O'Keefe's letter that he says he positively heard—something that Mr. Morrisby said, and not what I said,—I am anxious to find out whereabouts O'Keefe was at that particular time? Then, you will have to ask him the question. I know where he was when the conversation first started.

385. He was somewhere in the neighbourhood? Yes, I am certain of it.

386. When you gave Mr. Cameron the particulars of the conversation did you give him all the important points? I replied to the questions he asked me. I did not tell him anything he did not ask me.

387. But Mr. Cameron said he got all his information from you? Yes; but he had heard of the circumstance previously.

388. He says, "Mr. Morrisby is my sole authority for every statement I have made"—do you accept that? I accept it.

389. That is all right. Then, you gave Mr. Cameron the particulars of the conversation; you gave him all the important points you thought of? Yes.

390. Was it an important matter that O'Keefe was there and heard the conversation? I showed him O'Keefe's letter.

391. Did you consider it important that another witness was present? Yes; I told him O'Keefe was present.

392. Was it important, when you first gave him the information, to inform him that O'Keefe was present? I did not know it myself when I told him. When I was first introduced to Mr. Cameron I did not know that O'Keefe was present. I did not know until I went to Zeehan.

393. And that is the very first time you discovered he heard the conversation as it occurred? That's so.

394. Notwithstanding that he and yourself had been on such friendly terms, and had discussed the question of the alleged bribe, you never knew until last Monday week that he heard the conversation on the platform? No.

395. Now, coming to the question as to whether the alleged bribe was offered before or after the arrangement for the conference—Sligo went from Zeehan to Strahan the day before the election in your interest, and to see F. O. Henry and myself on your behalf? Yes.

396. And you authorised Sligo to act for you and in your behalf? Yes.

397. And he was to see Henry and also Miles? Yes.

398. On your behalf? Yes.

399. It was a friendly offer made to you on your behalf, and you accepted it? Yes, it was a friendly suggestion.

400. When you came down from Zeehan to Strahan the next morning, and when you arrived you said to Sligo, "Have you seen Miles? Yes; and I think I said, "What about the election?"

401. No. I am taking your own evidence now as given here. You said, "As soon as I got on to the platform at East Strahan Warden Sligo, who got out at the same time, said, 'What have you done in the matter of the election?' He said, 'I have seen F. O. Henry, and can do nothing with them; neither he nor Robertson will give way.' I said, 'Have you seen Miles?' because the suggestion made before he proceeded to Strahan was that he should see Miles and ask him if he would support me, if there was no chance for himself. Before Sligo left Zeehan he undertook to see F. O. Henry and ask him if he would change his mind, and see if he would support me for the chair. He was also to ask Warden Miles the same, if there was no chance of himself being elected." Is that correct? Yes.

402. It goes on—"I asked, 'Have you seen Miles?'" Is that right? Yes, I will accept that; the sense is the same.

403. Sligo said, "I have seen Miles, and we have come to some arrangement." Then Miles came up and said to Sligo, "Have you told Morrisby of our arrangement?" and Sligo said, "I am just now telling him," and so on. Now, what was the arrangement that Sligo had made with me on your behalf? The Committee that had been arranged to decide which should be supported for the chair. He was telling me about it when you came up.

404. Then, according to your evidence, an acrimonious discussion took place, during which the alleged bribe is said to have been offered, and you said you would not listen to another word, turned round, and walked up the platform and went towards *Clarke's Hotel*? Yes; that was at the conclusion of the conversation.

405. Was there anything said between us about the conference during this angry discussion? Yes, almost at the very first words.

406. Did we settle anything? You and I, no.

407. Had you any other conversation with me? No.

408. You went towards *Clarke's Hotel*, and Sligo came up. What did you say to Sligo? I said to him, "I will agree to the Committee."

409. Oh, you said you would agree to the Committee. Did you not say first, "When does your Committee meet"? Yes.

410. What Committee did you refer to? The Committee suggested by yourself and Sligo.

411. When you arrived at Strahan you met Sligo on the platform, and asked him, "Have you seen Miles"? Yes.

412. And he told you, "Yes, I have seen Miles, and we have come to some arrangement." That was the arrangement you had come to about a conference? Me, no. I never heard of a conference until you and Sligo told me of the Committee of three. I never heard of it, and I did not consent to it.

413. Were you not referring to the arrangement made between Sligo on your behalf and myself, which Sligo reported to you when he first met you on the platform? I must have, because you mentioned the arrangement to him and to me.

414. Was that before the question of bribery occurred? Yes.

415. When you asked the question—"When does your Committee meet?"—were you referring to the arrangement made between Sligo and myself as to a Committee or Conference? The same Committee, certainly.

416. Then, according to your evidence, you had not met either Sligo or myself after you turned your back and walked away from the platform, until Sligo met you, when you went towards *Clarke's Hotel*, and you said, "When does your Committee meet?" That was after the conversation.

417. How did you get this knowledge of a Committee after leaving the platform? You had told me.

418. Then this arrangement as to the suggestion which had been made, you had knowledge of before the angry discussion? You told me of it yourself before the angry discussion. You then told me of the arrangement, and that you were prepared to enter into it.

419. Did you accept it, as it was arranged between you and Sligo? Of course I did not. He had not then made any arrangement on my behalf. I had no opportunity of speaking to him about it.

420. You had no opportunity of speaking about it? You knew I had accepted it? Yes, you had reason for it.

421. You have given as a reason for not mentioning the bribe to Warden Hall before he gave his casting vote, that your feeling of astonishment was so intense that it drove all other considerations out of your head? Yes.

422. You have told this Committee, in answer to Questions 38 and 39—"It so surprised me when Sligo told me that Hall, who was my friend, did not take notice of the statement as to the bribe, but selected Miles, that I felt an intense astonishment that overpowered in my mind everything else. The mere question of the bribery was as nothing, compared to the feeling that my friend had selected a man who had tried to bribe me."—You had other opportunities of making a report to the Board of the occurrence besides that particular opportunity, had you not? Yes; but what you have read was in answer to a question as to whether that was not a fitting opportunity to bring it before the Board.

423. After the business of that special meeting was concluded, the Board held an emergency meeting, at which I presided, and the question of fixing the Master Warden's salary was discussed? No.

424. No? Well, this is the fact,—the question of fixing the Master Warden's salary was discussed, and I suggested that it should stand over until I had an opportunity of making a statement as to the Board's financial position. The minutes will show that. There was an opportunity at the same meeting, when you had cooled down, and had time to reflect, and to get over your astonishment, to make a report. You had then an opportunity of mentioning the alleged bribe to the Board. Why did you not do it then? I have already stated my reasons to this Committee.

425. At the election there were four members of the Board who voted for Sligo,—do you know who they were? I can guess. The two Gaffneys, Robertson, and Henry.

426. What was their object in voting for Sligo? To use a common phrase, "to make the pot boil over," and keep Miles out, and Morrisby too.

427. Did you know the majority of the Wardens had decided to vote for Miles? No, I don't think so.

428. Did you not tell Gaffney so? No.

429. Nor Henry? No.

430. Were they not favourable to me? No, nor to me.

431. Then yourself and Sligo were not favourable to me at all, that would be six out of ten. Then, with the majority of the Board against me, you did not think it worth while to tell the Board about the matter of the alleged bribe? It would have made no difference.

432. As a matter of fact you attached no importance to the words at all, at that time? I did attach very much importance to them—my language would tell you that.

433. Did you make an offer to me prior to your election to the Legislative Council, and what was it? I wanted to sell you a half-interest in my mineral section in South Mount Victoria for £25.

434. When you met me at Strahan, on the road near Grining's, what request did you make? This was early in April. I offered you half an interest in the Mount Victoria for £25.

435. Did you not ask me to advance you the money on account of the coming election? No, I did not. I offered to sell you half of an interest at Mathinna for £25.

436. Did you not ask me to advance the money? No.

437. You did not ask me for a loan of the money? No, I did not. I offered to sell that interest to you.

438. Did you say anything about the Legislative Council election? I said we should have a contested election, otherwise I would not offer you the interest for sale.

439. Was anything said about my support? No, I did not say anything. You said you thought I was the better man of the two, and that you would not have any great difficulty in making up your mind.

440. On the occasion of the Parliamentary dinner at Government House you drove back with me to the Bellerive steamer? Yes.

441. You drove back in the cab with me: was there any conversation between us in reference to the Chairmanship of the Strahan Marine Board? No; you and I did not discuss the Master Wardenship, only general topics.

442. Sitting behind the Bar in the House of Assembly one evening last month, what was said as to my successor on the Board and the Master Wardenship? I asked you if it was a fact that a man at Kelly Basin had been selected, and we spoke of some being pledged to put Gaffney in the Master Wardenship.

443. What did I say? You said you would not sit under Gaffney; that Johnston would be your successor on the Board; and you said that was the man you always thought should be your successor.

444. Did I say he would vote for you for the Chair? No, you did not. I was not a candidate.

445. And you did not ask me to support you for the Chair on that occasion? No, I never referred to the Chair at all. I was not a candidate.

446. There was something said about the Master Wardenship? Yes; I asked you if the information was correct, as the rumour had come to me from a Member of the House.

447. In Question 102 you say you had not been to Captain Miles at any time, and asked him to give you his support for any position in connection with the Strahan Marine Board:—do you still adhere to that statement? Yes, I adhere to it. I had arranged with Mr. Drifffield I should not be a candidate.

448. There was something said? I asked you particularly as to the rumour, and said that I was told by a Member of the House that a man from Kelly Basin would be selected. I thought I had a perfect right to ask you that, as you were Master Warden.

449. You swear positively? Yes, I swear positively that I never asked you for your support.

450. *By the Chairman.*—When was the Master Warden's salary fixed? About three or four meetings ago, I think.

451. *By Captain Miles.*—Mr. Cameron has stated in evidence that you are his sole authority for any charges he has made: do you accept the responsibility for Mr. Cameron's statements in the House? Yes.

452. Mr. Cameron, on the first occasion, that is, on the 11th August, said:—“Immediately before the occurrence just mentioned (that was the alleged bribery), Mr. Sligo saw Mr. Morrisby and said to him, ‘If you and Miles stand, Gaffney will be elected; but if one of you two stand aside, we have a majority. Are you willing that Hall, Hales, and Sligo should decide which of you two shall be the candidate and which shall retire. He understood they both agreed.’” Do you understand why that arrangement was altered? Oh, he did not understand the whole position when he made that statement. I will take the responsibility for his second statement, that made on the Friday night.

453. You will take the responsibility for what Mr. Cameron said after my statement was made? Yes; I think he had it all in writing in his hand.

454. These words were used when Mr. Cameron replied to my statement, and before he had an opportunity of discussing that statement with you or anyone else. He replied that he had been pretty well briefed, and he could have made no mistake, because he had given Notice of Motion nearly a fortnight before this? I may state that he was an utter stranger to me. He had never spoken to me in his life until just before he gave his first Notice of Motion.

455. Do I understand that he gave that Notice of Motion without information from you? No; he was brought and introduced to me, and I gave him the information and he took it down.

456. Do you admit this statement, “If you and Miles stand, Gaffney will be elected; but if one of you stand aside, we have a majority. Are you willing that Hall, Hales, and Sligo should decide which of you two shall be the candidate and which shall retire. He understood they both agreed.” That was the first statement, and it was made immediately after I had spoken to the House, and before it could be discussed by you or anyone else. Is that statement correct? I say that Mr. Cameron was not aware of all the facts, until he came to me, and I gave him the information more deliberately. The first time he was not well-informed. When he was introduced to me I gave him information, but he had not the whole of it.

457. It is an important question, you know? I can't help how important it is; I take the responsibility for Mr. Cameron's statement when he spoke the second time on the Friday night.

458. You told us that Mr. Cameron took down from you what he said on the first night? No, the second night. He may have taken down some notes on the first occasion.

459. Did you give Mr. Cameron the information he used in the House on the first night? He was brought to me by a certain person and introduced to me. I made a statement to him, and he asked me questions which I answered.

460. Did you tell Mr. Cameron the statement he made, when he was first introduced to you? No. I went the next day to the West Coast, and I did not see him until some time after. The following day I put a letter in the press correcting your statement.

461. You have never asked Mr. Cameron to correct his statement? No; I did not think it worth while.

462. Do you say that this statement is correct, or incorrect? (Newspaper put into the hands of witness). Yes; this is the same statement that took place on the platform.

463. Is it correct? The substance of it is correct.

464. Where is it incorrect? It is correct, only it does not bring you into the conversation. You told me as much as Sligo did, but Sligo interjected as well as you did. You said that if Gaffney was elected Master Warden you would not sit under him, and also that Hall would not sit under him, and Sligo said he would not either.

465. And Mr. Cameron said you both agreed to it? Mr. Cameron's statement in that particular is incorrect. I suppose he did not know of all the circumstances—probably he did not.

466. In Mr. Cameron's statement we find these words—"Mr. Morrisby informed him that he indignantly refused to have anything to do with the compact proposed by Captain Miles, and he further informed him that Mr. Sligo repeated the conversation that took place about offering half the salary to Mr. Morrisby, within two or three hours afterwards in the streets of Strahan"—Is that the correct version, or the one you now give us? Yes, that is correct.

467. Nothing was said about the most important question of the whole lot, that Sligo repeated to the conference of three that I had committed bribery, a few minutes after the occurrence? No, that was not mentioned there.

468. The first version was that Sligo mentioned the occurrence within two or three hours afterwards in the streets of Strahan, the second is that he mentioned a few minutes afterwards to the conference of three—which is true? Did you tell Mr. Cameron that? Decidedly I told Mr. Cameron that I had instructed Sligo to place it before the Committee. I told him that the only condition on which I would accept the Committee was, that he told the Committee of the offer made to me. It is also true that Sligo did tell the people of Strahan.

469. And the fact that Mr. Sligo did tell the Committee was not of sufficient importance for Mr. Cameron to mention in the House? I don't know what Mr. Cameron thought it was important to mention. I told Mr. Cameron at that time that we had a conversation on the platform, and that you had attempted to bribe me.

470. Then the fact that Sligo informed the Committee of three that I had committed bribery was not considered of sufficient importance to mention in the first set of charges—did you tell Mr. Cameron of that? Yes, I told Mr. Cameron.

Captain Miles said this would close his examination.

Mr. Morrisby said there was one matter he would like to put straight, and that was relative to his meeting Captain Miles at Strahan, and offering to sell him an interest in his section at Mathinna. A friend of his, a poor man at Zeehan, had repeatedly asked him to dispose of an interest for him. He told him he was going to Strahan, and he could perhaps dispose of it there. He saw Mr. Clarke and offered it to him, but he said he would not have anything to do with it, but he thought Captain Miles would. He waited on Captain Miles and offered him the half interest for £25. He said he was having a contested election or he would have taken the interest himself and would not have offered it for sale. He put in a letter from the holder of the share in reference to the interest he desired him to sell for him. It was not his own interest he was selling.

The letter was read by the Chairman, as follows:—

Queen-street, Zeehan, 25th August, 1899.

SIR,

Yours duly received by mail in regard to selling for me an interest (Strickland's). I distinctly remember in latter end of March or beginning of April giving you authority to sell for me half my share (one-sixteenth) in Strickland's claim at South Mount Victoria, for not less than £20, or as much as you could obtain. You told me at the time you thought you could get a purchaser at Strahan.

Yours truly,

Hon. A. MORRISBY, M.L.C.

JOHN CAMPBELL.

AFTERNOON SITTING.

The Committee resumed at 2.15 P.M., when Mr. Mulcahy took the Chair *pro tem*.

Mr. Morrisby was again examined by the Committee.

471. *By Mr. Archer*.—I think you will recollect one question I asked you with reference to Mr. Barrowman—I asked whether he had had much experience in connection with harbour works, and your answer was that he had? Yes.

472. I also asked you if specifications were altered with Mr. Barrowman's consent, and whether the alteration in the specifications was suggested by Mr. Barrowman? I said I thought they were: I have only Captain Miles' remark as authority for saying so.

473. You said in your evidence, question No. 26, after you decided to send in your resignation, you told us you put an advertisement in the paper. Can you give us the purport of it? Yes, I changed the original form of it.

474. What was the original form? It was an absolute resignation.

475. Was there anything about the bribe? No, that I resigned my seat. It was similar to the resignation that I forwarded to the Master Warden. I was induced to change the original

form of it. I did not make the alteration; it was inserted for me by a friend after it was received at the *Herald* office.

476. *By Mr. Mackenzie.*—Did you empower Mr. Sligo to make any arrangement for you? No, not beyond seeing Messrs. Henry and Miles. The suggestion came from Mr. Sligo to go to Strahan and see these people. There was no pledge that he was to enter into on my behalf. He merely went to Strahan to see Mr. F. O. Henry and try and induce him to change his mind.

477. You did not make any arrangement with Mr. Sligo—simply acquiesced? Yes.

478. You did not bind yourself to any definite course? No.

479. You say you told Mr. Sligo to mention about Captain Miles' offer to you—do you remember your words? As near as possible the words were these:—"I will abide by the decision of the Committee, conditionally upon you placing before that Committee the fact that Captain Miles attempted to bribe me." Possibly these were not the exact words, but I know I mentioned the bribe.

480. When Captain Miles first mentioned the salary did you consider that was a sort of offer to you? No; I considered it was the position of Master Warden he wanted. I did not think he wanted the salary.

481. How long were you talking to him? I could not give you the exact time. I know the conversation extended over a considerable time. I should say the whole conversation would cover a period of a quarter of an hour or twenty minutes; but I would not bind myself to the exact time.

482. Can you recollect where you first saw Mr. O'Keefe? Yes; Mr. O'Keefe came in the same train.

483. Do you remember when you saw him on the platform? Yes; I remember seeing him when Captain Miles came up to me. I saw him some little distance away to my left.

484. Did you have any previous conversation with him? No, none at all. I don't think I spoke to him beyond passing the time of day.

485. After this conversation about the salary, did you speak to Mr. O'Keefe? No; I turned round and walked away at once, after making the remark to Mr. Sligo, "I would accept the Committee's decision." As soon as I made that remark I turned round and walked away.

486. Then you are quite certain you did not agree to accept the decision of the Committee before this bribe had been offered to you? I am absolutely certain of it.

487. *By Mr. Aikenhead.*—By whom was Mr. Cameron introduced to you? By Mr. Hartnoll, at Heathorn's Hotel, before dinner.

488. When Mr. Cameron was introduced to you, and you agreed to give him every information, did you know he intended to make use of it to formulate a charge or found a motion thereon in the House of Assembly? No; I hadn't the least idea what he was going to do with it until I saw it in the Press next morning.

489. Did it not occur to you that it was a peculiar thing that a gentlemen unknown to you should be introduced to you and immediately ask you to allow him to take down a written statement unless he had a purpose in view? No, I did not consider it so. He remarked, "I have a very short memory: do you mind my taking notes." I did not think it any more strange than the members writing to Zeehan on the same subject. Mr. Whitelaw has had letters from members on the same subject quite recently, so he informed me. Mr. Burgess also informed me that he has had inquiries made from him on the same subject.

490. *By Mr. Davies.*—Was that Mr. Edward Burgess? No; I think it was Mr. W. H. Burgess.

491. *By Mr. Aikenhead.*—Did you ever make a statement to the Premier that you disapproved of the action of Mr. Cameron? I told the Premier that I did not care to be introduced to Mr. Cameron, because he was not a man I cared to know from repute, and I was perfectly ignorant of anything that he was going to do until I saw it in the papers.

492. Did you disapprove? No, I can't say I did. After Captain Miles had given the statement a distinct denial, I considered I had to refute it to show I was not a liar, and I told the Premier that I intended to prove the truth of my words.

493. When did you have this conversation with the Premier? On the Saturday morning immediately after the general discussion in the House of Assembly.

494. Do you mean after Captain Miles had made his statement? Yes, that was the first discussion. I told the Premier that I went to him as an upright man, to show I was not going to do anything underhand; that Captain Miles's statement was not correct, and I intended to prove it.

495. But you did not say that you disapproved of Mr. Cameron's action? No, I can't say that. I might have used these words, I think:—"It was not at my instigation that Mr. Cameron brought the matter forward." I believe I said that to the Premier. I had no idea he was going to do that. It was only a few moments' conversation I had with Mr. Cameron.

496. *By Mr. Propsting.*—I understood you to say, this morning, that it was not certain that even after this Committee had decided for you or Captain Miles as Master Warden it would necessarily follow that the person they decided on should be Master Warden? No, it was not certain; it depended upon the casting vote of the Chairman.

497. There were three in this Committee? Yes.

498. How many are on the Board? There were nine members present, and one absent.

499. There were three in this Committee, and you and Captain Miles; that would be five votes? There were four for and four against.

500. Was anything said beyond what you have given evidence of, to get you to consent to this Committee? No. There was popular conviction of Mr. Gaffney's ability to carry out the duties of Master Warden.

501. This morning you said, "I was induced to abide by the decision of the Committee;"—how were you induced? In this way: I thought that in placing myself in the hands of the Committee I was placing myself in the hands of impartial men, but it was not till afterwards I heard these men were absolutely bound to support a man the Government told them of. In other words, they were not free men. If I had known that they had the Premier's telegrams I don't know that I would have agreed to that Committee, because it was agreeing to a foregone conclusion.

502. Now, do we also understand that when you returned to Zeehan that night you discussed this matter with O'Keefe? Yes; and with lots of others.

503. You then told him of the offer that had been made to bribe you? I believe Sligo told him.

504. Did Mr. O'Keefe say anything about having overheard the conversation? No, I don't remember he said anything about that, his chief aim was to induce me to withdraw my resignation.

505. Did you know he was on the platform? I know he was three or four yards away when I first met Captain Miles.

506. When did you first learn that he had overheard the conversation? When he told me in Zeehan, on the Monday after the debate in the House.

507. Did you telegraph to Mr. O'Keefe? Yes, I did, previous to his leaving Burnie.

508. In your evidence you say, "I then said to Sligo, I will not listen to another word. I then turned round and walked up the platform, and then went opposite *Clarke's Hotel*"? Did I not say, "I will not listen to another word this man has to say. I will agree to your Committee." I am absolutely certain I said that.

509. What did he say? I don't think he made any reply.

510. Did you then attach any condition? Not then, not in Captain Miles's presence.

511. You did not then say, "If you acquaint them with the offer"? No, I said that further along, opposite *Clarke's Hotel*.

512. Then this condition was put in subsequently? Yes.

513. In the interval between these two conversations, were you separate or together? Separate.

514. Before you put in this condition had the Committee gone away to decide? No; you will find from my evidence previously given, that I met Mr. Sligo opposite *Clarke's Hotel*? I then said, "When does your Committee meet?"

515. What time elapsed between your conversation and the meeting of the Committee? I do not know the exact time the Committee met.

516. How long were the Committee considering the matter? I don't know exactly, but from the time I saw Mr. Sligo until I heard the result nearly half an hour elapsed. I only heard the result a minute or two before the Board meeting. I did not know where the Committee were going to meet.

517. *By Mr. J. G. Davies.*—In your reply to Captain Miles this morning, you said you expressed your approval of the leading article in the *Zeehan Herald*, appointing him as Master Warden as the most suitable man? Yes.

518. And then you were asked how, in the face of certain statements you had made as to your opinion of Captain Miles's conduct—first of all you gave it as your opinion that he was unworthy to be connected with any public matter—did you, in doing so, use the word "moral" as to his character? Yes.

519. Did you use the word "moral," as far as Captain Miles was concerned, in the sense of being honest? I used it in the sense that any man who was guilty of an attempt, such as I considered he had been, was morally incapable of holding any public position.

520. Then holding that position, if a man is morally incapable, in your opinion would his technical knowledge make him fit for the position? Yes; I hold that his technical knowledge would make him of use to the Board, while his want of moral character could be kept in restraint by the other members of the Board: I consider his technical knowledge would be of the greatest use to the Board.

521. Then the technical knowledge was paramount? No, I don't consider it was paramount.

522. You were prepared to sacrifice your opinion in consideration that the Board should have the benefit of his technical knowledge? Yes.

523. You hold, as a man, that as far as Captain Miles is concerned, although he did in your belief what was in every sense unbecoming and unworthy for a man to do, yet you still hold that he, having the technical knowledge, was a fit man to hold the position? Yes. Take it that you have a horse which is addicted to shying—in itself a vicious habit—yet in the hands of a good driver that horse may be made to do good work, through being in the hands of a good driver. That is the simile I will use.

524. Even though the expert driver might upset the vehicle at any time? (No answer.)

525. *By the Acting Chairman (Mr Mulcahy).*—You say you didn't disapprove of Mr. Cameron's action? I did not express it in those words to the Premier.

526. But you said it to this Committee? I said if it had been left to me I would not have brought it forward.

527. You would not have felt morally bound to have brought it forward in your own house—the Legislative Council? No; my reason would be that I would not care to have my name dragged before the public as it has been since, in connection with Captain Miles.

528. Did you not, without being asked any question, volunteer information to some of the Members of the House? I believe I did. When the matter of this motion came up I believe I did tell one or two Members, yourself amongst the others.

529. And although you told private Members you did not think it your duty to bring it up to be judged? No, not after that lapse of time.

530. And you thought that you were pledged to vote for him after that Committee, and you would not, under other circumstances, have put yourself in the Committee's hands? No, I don't think that I would.

531. Now, suppose you had been Chairman, who would you have given the casting vote to? I would not have voted for Captain Miles.

532. Then you would have voted for Mr. Gaffney? No; the other man was Mr. Sligo.

533. *By Mr. Aikenhead:*—You say you were induced to accept the decision of the Committee. What was the inducement? The inducement was put before me of abiding by the decision of a Committee that I believed to be composed of honourable men.

534. But you have given another answer: "I do not think I would have agreed to accept the decision of the Committee if Captain Miles's attempt to bribe me had not been made." How do you reconcile that statement with your last answer? When I knew the people of Zeehan were against Mr. Gaffney being Master Warden, very emphatically, and also were as emphatic against Captain Miles holding that position, I accepted the Committee, because I thought it consisted of honourable men.

535. Your motive, then, in accepting the Committee, was that it would be to your own personal advantage? I believed I would meet with their personal support. I thought we would be paying back the man who attempted to bribe me.

536. You had no other inducement? I thought the man who attempted to bribe me would be falling in.

537. *By Mr. Mackenzie.*—You say you were satisfied that the Committee would have acted fairly by you? I thought so at the time.

538. And that was your reason for submitting yourself to their decision? Yes.

539. Well, and you say you accepted the decision of the Committee after they knew of Captain Miles's attempt to bribe you—how do you reconcile that with your statement that you were satisfied that the Committee would act justly towards you? I thought so at the time. I had bound myself to accept their decision.

540. You did not find out they acted unjustly until after? No.

541. In the meantime you said you accepted the decision of the Committee, although Captain Miles had done something in the meantime? I considered it was only right that the Committee should know that a man who was a candidate had committed a wrong.

542. But you were satisfied with the Committee in the first instance? I did not agree to it.

543. But you say you were satisfied that the Committee would do you justice? Yes, if the offer was made known to them.

544. But you did not know they had done an injustice until after? No, the Committee did not take any consideration of the fact that Captain Miles had tried to bribe me. I felt satisfied in my own mind that the Committee would do justice upon the evidence placed before them.

ARCHIBALD DOUGLAS SLIGO, *called and took statutory declaration.*

545. *By the Acting Chairman.*—Your name is Archibald Douglas Sligo? Yes.

546. You are a member of the Strahan Marine Board? Yes.

547. The Committee before which you are asked to give evidence was appointed by the House of Assembly to enquire into the circumstances connected with the Macquarie Harbour Bar Contract, the relations of the Strahan Marine Board in regard thereto, and all matters pertaining to the constitution and working of that Board. You took some action in connection with the election of Master Warden about the 20th December, last year. Will you tell the Committee what action you took, and what happened in consequence? Do you desire me to relate the whole of the circumstances?

548. Yes; from the time you went to Strahan? I went to Strahan on Tuesday, the 20th, the day before the election, to confer with some of the Wardens there in regard to the election of Master Warden. I heard before this that Mr. Gaffney was likely to be appointed to the position, and did not approve of his appointment. I went down there to consult with some of the Wardens, to see if they had fully made up their minds to vote for Mr. Gaffney; and I thought that the only way out of the difficulty was that Captain Miles or Mr. Morrisby

would have to come forward against Mr. Gaffney. Next morning, when Mr. Morrisby came down, I got into the train at West Strahan, but there were others in the carriage at that time, and I did not think it wise to discuss the question with Mr. Morrisby there. When we got out on the railway platform I was discussing the matter with Mr. Morrisby, and stating to him what arrangement had been suggested, when Captain Miles came up. I had spoken to Captain Miles in regard to the matter on the previous night. I was discussing the matter with Mr. Morrisby, explaining what I thought best to be decided upon, when Captain Miles came up, and said "Have you said anything to Morrisby about the arrangement?" I said, "I am just doing so now."

549. *By the Acting Chairman.*—What arrangement? The arrangement as to Captain Miles or Mr. Morrisby going for the Master Wardenship as against Mr. Gaffney.

550. Who suggested that arrangement? I think it emanated in a conversation the night before with Captain Miles; that the matter should be left in the hands of a committee to decide who was most desirable to appoint.

551. You and Captain Miles had agreed to arrange the thing before? Yes, we had agreed the night before.

552. *By Mr. Propsting.*—Did you agree on that committee? It was thought that Mr. Hall, Mr. Hales, and myself should form it. Captain Miles asked me if I had explained the matter to Mr. Morrisby. I said I was just doing so. This was on the East Strahan platform. A discussion then ensued between Captain Miles and Mr. Morrisby, and Captain Miles said that he did not consider the question of salary, but that he wanted the position of Master Warden of the Strahan Marine Board, or something to that effect, and further conversation ensued.

553. *By the Acting Chairman.*—Will you please give us the exact words, as far as you recollect? Captain Miles said he didn't desire the salary, but he wanted the position of Master Warden for the first twelve months, anyhow. Then there was further discussion between them, and, as far as I remember, Captain Miles said to Mr. Morrisby, "Well, Morrisby, if you assist me in this matter, I don't mind giving you half the salary for the first twelve months."

554. You heard that? Yes, I heard that.

555. How far off were you standing? Close alongside.

556. Was anybody else present? Yes, Mr. O'Keefe was there, but, as the discussion grew heated, I drew off.

557. Was he within hearing distance? Yes, he was.

558. Can you recollect the exact words? No, I can't say I can recollect the exact words.

559. *By Mr. Propsting.*—What time elapsed between the first question and that remark? Not many minutes.

560. You say the conversation got heated? Yes, when Mr. Morrisby heard what Captain Miles said, he got into a rage, and said, "What! You offer me a bribe?"

561. *By the Acting Chairman.*—What did Captain Miles say? He turned round and said "Oh, there is no use your flying into a rage; if you get in I don't mind taking half the salary from you."

562. At the time you heard Captain Miles use these words, did you attach any importance to them? At the time I did, and Mr. Morrisby's attitude made me think Captain Miles had done what he should not have done, and I thought it was a very foolish thing for Captain Miles to say.

562A. Did you think that Captain Miles intended to corrupt Mr. Morrisby? I thought he had thrown out a bribe.

563. What was your impression? I thought it a very wrong action.

564. What was wrong, in your opinion? I thought it very foolish to offer anybody a portion of his salary: it was like paying Mr. Morrisby for his assistance.

565. Then after that, what occurred? I began to walk along the platform: Captain Miles tried to discuss the matter further with Mr. Morrisby after his remark about taking half the salary if he got in. Then Mr. Morrisby said, "Sligo, I will not have another word to say to this man; I will stick to the arrangement that has been made in regard to the Committee."

566. Did he attach any condition? Yes, before I went into the room with Mr. Hall and Mr. Hales he came and said, "there is one condition on which I will stick to the arrangement, and that is, you inform the Committee what has been offered to me."

567. *By Mr. Propsting.*—Did he tell you he would concur in this arrangement first, on the platform? No, I don't think he did; it was when we were walking away.

568. *By the Acting Chairman.*—Did he tell you he would fall in with that arrangement without any condition? He told me on condition that I informed the Committee. That was after the offer of the bribe was made.

569. *By Mr. J. G. Davies.*—I understood Mr. Morrisby had said "I will have nothing further to say to this man, go on with the Committee." That was done within hearing of Captain Miles? No, he remarked to me after we were away from Captain Miles, that he would agree to the Committee on condition that I mentioned the matter that had taken place on the railway platform.

570. *By the Acting Chairman.*—He did not say he would agree to the Committee without imposing any condition? No.

571. What happened then? I went into Committee with Mr. Hall and Mr. Hales.

572. Immediately? Less than half an hour after—about a quarter of an hour.

573. Was the Committee meeting very long? No, not long; about a quarter of an hour.

574. Did you acquaint the Committee of what Mr. Morrisby requested you? Yes.

575. You are positive about that? Yes, very positive.

576. Did you use the word "bribe"? No, I don't think that I used the word "bribe." I simply told them what had occurred on the platform, and the offer Captain Miles had made to Mr. Morrisby.

577. *By Mr. Propsting.*—Can you remember what were the exact words you used in telling them this; did you repeat the exact words that Captain Miles used, "I will give you half my salary"—did you say that? Yes; I narrated the circumstances.

578. *By the Acting Chairman.*—Did you make both gentlemen aware of the fact that Captain Miles had offered half the salary to secure Mr. Morrisby's vote? Yes; I made them aware of the whole circumstances that occurred on the platform.

579. Did they pay any attention? No; they treated it very indifferently.

580. Did you have many words? No, very few words.

581. Can you give us any idea of what happened? Mr. Hales practically said nothing; but Mr. Hall said he didn't think Captain Miles could do such a thing, and there could not be anything in it.

582. Did this cause you to think more lightly of it? No, I don't know that it did at the time.

583. Then, after this Committee had decided to run Captain Miles, did you see Mr. Morrisby? Yes, I met him immediately afterwards walking outside *Clarke's Hotel*. He asked me what had been decided upon by the Committee, and I told him the majority were in Captain Miles's favour. He said, "Did you relate the circumstances as promised?" And I said, "Certainly I did; I gave you my word I would, and I did it."

584. And the Board met soon after? Yes.

585. And what happened at the Board meeting? As soon as I got into the room I rose and proposed Mr. Hall as chairman of the meeting. Of course the ballot was then taken, and after an hour it was opened and there were four votes in favour of Captain Miles, four in favour of myself, and one in favour of Mr. Driffield, and of course Mr. Hall, being in the chair, exercised his casting vote in favour of Captain Miles.

586. Then an hour elapsed between the taking of the ballot and the opening of the boxes. What were the members doing in that time? Oh, some stopped in the room, others went outside.

587. Did you have any conversation about the offer Captain Miles had made at that time? No, I don't think so, not at that time.

588. *By Mr. Propsting.*—Did you tell anyone previously—Mr. F. O. Henry—did you mention it to him? No, I don't think so, not at that time. I was not on the best of terms with him.

589. *By the Acting Chairman.*—Was it because you regarded the matter of too little importance that you refrained from mentioning it to the members of the Board? No, it was not that; it was because I did not feel inclined to discuss the matter.

590. Have you told any members of the Board since? Yes; I talked the matter over with Mr. Hall that night going up in the train.

591. Did it not occur to you that you should tell the Board? I was not the party interested, and I did not wish to raise any trouble in regard to the matter.

Mr. N. E. Lewis here took the Chair.

592. *By Mr. Archer.*—Have you seen this evidence, taken before the Select Committee? No; I have not seen any evidence that has been taken.

593. I suppose you and Mr. Morrisby have had conversations about this case since it was brought before the House? The only conversation I have had since the occurrence, that I can remember, was about three weeks ago, when he approached me about the matter. He wished me to put my statement in writing, which I pointedly refused to do. I told him I did not wish to be dragged into the matter in any way, and refused to put anything in writing. He told me if I were called upon to give evidence, I would have to give it.

594. Did you ever tell Mr. O'Keefe about the bribe? Mr. O'Keefe heard the conversation for himself.

595. Did he ever tell you about it? He discussed the matter with me, yes.

596. And what was your impression of his opinion? He considered that a bribe had been offered, but that it was one of those matters that probably should be shut up as soon as possible.

597. Do you remember the exact words Captain Miles used to Mr. Morrisby respecting the salary when Captain Miles said it was not the money he wanted; the salary was of no consequence. I could not tell the exact words he used.

598. You were very close? I was very close.

599. Did he make use of the words, "Damn the salary"? I could not say. I would not swear that he did.

600. Have you any idea why Captain Miles desired to have the position of Master Warden? No. I had no idea otherwise than that Captain Miles was locating himself on the Coast, and I supposed for the honour and glory, to a great extent, he desired to obtain the position.

601. You are sure he did not wish to obtain it for the purpose of getting the salary? No, I don't think the salary would trouble him very much.

602. You say you told Mr. Hall and Mr. Hales about the offer Captain Miles made to Mr. Morrisby; was that as soon as you went into the room? Yes; before the business of the Committee commenced.

603. You had not said anything to Mr. Morrisby about having a Committee to decide upon the Master Wardenship until you met him on the platform? I never said anything to Mr. Morrisby until I was discussing the matter on the East Strahan platform.

604. And was Mr. O'Keefe close to you? Yes, he was very close, and when the conversation commenced he moved away a few yards.

605. Did you think that if Captain Miles had anything to offer Mr. Morrisby in the way of a bribe he would have done it in your presence and Mr. O'Keefe's? Well, I don't know. The conclusion that I came to, and which I afterwards expressed to one or two, was that Captain Miles was a d— fool; that I thought he was too precipitate altogether.

606. Can you tell me if Mr. O'Keefe was standing behind Captain Miles when you were conversing on the platform? No; I think Mr. Morrisby was on the outer edge of the platform; Captain Miles would be on my left, and I was standing further in from the centre of the platform, and Mr. O'Keefe was a few yards further in towards the building.

607. What time in the day was that? Just after the arrival of the train from Zeehan; about ten o'clock.

608. In the day time? In the morning.

609. Were others on the platform? No, the platform was pretty clear at the time.

610. *By Mr. Mackenzie.*—You say, Mr. Sligo, that you went down to Strahan before the election of the Master Warden? Yes, I went down on Tuesday afternoon.

611. Who asked you to go down? No one asked me to go down.

612. Who suggested that the Committee should be arranged for? I think it emanated between Captain Miles and myself the night before.

613. Before you went into the meeting had you discussed the matter with Wardens Hall and Hales? Yes I told Wardens Hall and Hales that it had been arranged, and it was decided that we three should sit in committee, and the majority should decide who was to be elected between Captain Miles and Mr. Morrisby.

614. You knew two or three men were nominees of the Government? Yes, I knew that.

615. You are elected? Yes.

616. Did you hear that Warden Hales had promised his vote? I heard that he was likely to support Warden Gaffney for the position.

617. You heard it rumoured? I heard it rumoured, and considered I had it on pretty good authority.

618. Do you remember when Captain Miles really made his offer to Mr. Morrisby, what were the exact words he used? I have already replied to that.

619. Did he more than once make the offer? Well, practically he did make it more than once, although in the first instance it was not outright. First of all he said he did not desire the salary but wanted the position for the first twelve months.

620. Did he make no offer then? No, there was no offer made outright then.

621. Did Captain Miles say why he wanted the position of Master Warden? No, he did not say why he wanted it.

622. Did you meet any other Wardens from the time you left the platform until you went into the Committee meeting? No, not that I remember.

623. Did Mr. Morrisby accompany you as far as the house where you were to have your Committee? He walked along till close to the hotel with me.

624. Do you remember when Mr. Morrisby consented—the exact time—to leave the matter in the hands of the Committee? Well, it was while he was walking along the street with me that he consented.

625. That was the first you heard of his giving consent to leave the matter in the hands of the Committee? As far as I remember, it was.

626. When you first mentioned about the Committee, did Mr. Morrisby then consent to abide by the decision of the Committee? No, I don't think he consented outright. I think he was favourably disposed at that time—favourably disposed to the arrangement.

627. And before going into the business, when your Committee met you related what had occurred between Miles and Morrisby? Yes; I related it to Mr. Hall and Mr. Hales.

628. Before you entered into the business? Yes.

629. And Warden Hales said nothing? No, he made no remark that I remember, treated the matter very indifferently.

630. And Warden Hall? He remarked that he did not think Captain Miles would do such a thing, and could not understand that such an offer could be made.

631. Do you know, from your own knowledge, whether any of the other Wardens knew what had happened about this affair of Captain Miles at the time of the meeting for the election of a Master Warden? I think these were the only two Wardens who knew about it.

632. You don't know, of your own knowledge, that any of the other Wardens knew of this offer? No, I don't know.

633. *By Mr. Aikenhead.*—I want this point cleared up. First of all, you were telling Mr. Morrisby what the proposed arrangement was, and Captain Miles came up? Yes.

634. Did Mr. Morrisby consent to it or oppose it? He didn't oppose it; he seemed favourably disposed.

635. That is before Captain Miles came up? Yes; before Captain Miles came.

636. He seemed favourably disposed? Yes.

637. You were under the impression that he would consent to it? Yes: I was under the impression that he would consent to it.

638. You heard what Captain Miles said about salary, but you saw no reason, on account of Captain Miles offering such a bribe, to withdraw from the Committee, or decline to carry out the arrangement to vote for Captain Miles as Master Warden? Well, no. It had no effect upon me because I had promised to stick to a certain arrangement, and of course when the majority of the Committee decided in Captain Miles's favour I had to join in with them and record my vote in favour of Captain Miles.

639. Although you heard Captain Miles make what you considered a bribe? Yes.

640. Did you tell Wardens Hall and Hales that it was by Mr. Morrisby's express wish that you informed them what had taken place? No; I didn't tell them that. Simply related the circumstances to them,

641. Was there any discussion about it? I have already informed several other members of the Committee what discussion ensued.

642. Mr. Hales said nothing? He treated the matter very indifferently.

643. But he said nothing? Not that I remember. If he did say anything it was very little.

644. Will you tell us all that you can remember that Mr. Hall said about it? As far as I can remember, Mr. Hall simply stated that he didn't think Captain Miles would make such an offer in the way of a bribe; treated the matter jocularly.

645. Did you express any opinion that it was a very improper thing for Captain Miles to do? Yes, I did.

646. How long did this particular conversation last? Not long, because they didn't seem inclined to go into it.

647. Five minutes? Not quite that, I don't think.

648. Has this matter been referred to at any of the Board meetings since this was called a bribe? Not until Captain Miles wired round to the Board, and had the matter brought on on Monday, August 21st, at which certain questions were asked.

649. Nothing was ever said at any of the meetings? No, nothing was ever said.

650. *By Mr. Propsting.*—Did Mr. Morrisby, when he consented to this Committee, give any reason for asking you to inform them that this bribe had been offered? No; he simply stated that that was the condition arranged; he would allow the matter to go to the Committee, if I would state the occurrence to them.

651. Did you understand that the information would govern the judgment of the Committee? Well, I did not. I did not think for a moment what their opinions might be on the matter.

652. Did it affect your judgment? Well, I thought it a very improper thing for Captain Miles to do, but having entered into the arrangement, I decided to stick to it, as it had been made.

653. When you came out was Mr. Morrisby surprised at the result? Yes, he was very surprised and indignant.

654. What did he say? He talked of resigning from the Board.

655. Did he appear disappointed at losing the chance of the Master Wardenship? He was very disappointed.

656. Do you think that was the cause of his annoyance? Yes, I daresay it was.

657. Would the man that this Committee decided upon necessarily be elected Master Warden? Not necessarily.

658. Was it probable? It was probable that he would be.

659. Did a conversation take place between you and Morrisby as to Hall's conversation? Yes. Mr. Morrisby said he was surprised that Mr. Hall should treat him in the way that he had done.

660. Did you ask him, "What sort of a man is Hall—is he an opinionated man, or domineering?" No; I was not likely to ask that, knowing Mr. Hall.

661. You do not think he was domineering? No, I do not think he was so.

662. But I understood you to say that you had nothing to say to Warden Henry about this offer on the platform? No, not on the day of the election, I think.

663. How many Wardens knew of this alleged offer of a bribe at the meeting of the Board? Well, four—five with Captain Miles, of course, unless some of the other members had been informed.

664. You know that five did know of it? Yes.

665. Did you see any reference, in an indirect way, in the public Press of it soon after? No, I can't say I did soon after.

666. Was it a matter that was frequently discussed at Zeehan soon after? Yes, there was some discussion on the matter for a day or two.

667. And wasn't public opinion strong enough to induce anyone to bring it before the Board? Well, nobody seemed to think much about the matter.

668. *By Mr. J. G. Davies.*—Mr. Sligo, you said that you felt yourself bound to carry out the arrangement made on this Committee? Yes.

669. That was after the offer of the bribe took place? No; I had previously stated that I would be bound by the majority of the Committee.

670. You were asked the question just now when you went to this Committee and you said having made a promise you were bound to keep it. Was this Committee arranged for before the alleged bribe or afterwards? Before.

671. It was necessary for Mr. Morrisby to be a party to that Committee, or afterwards the Committee would not have been held? Yes, it was necessary for him to be a party.

672. He agreed to be a party to that Committee conditionally that the alleged bribe, as you have already stated, was placed before that Committee? Yes.

673. And you were a party to it? Yes.

674. *By the Chairman.*—Did you know Mr. Hall before the Committee meeting? Oh, yes, intimately.

675. How long have you known him? For some years.

676. Do you know what is his character? Oh, yes.

677. Did you ask Mr. Morrisby what sort of a man Hall is? I don't remember asking Mr. Morrisby anything of the sort.

678. *By Captain Miles.*—Mr. Sligo, you said, I think, you proposed Mr. Hall as chairman of the Marine Board meeting to elect a Master Warden on your own nomination? Yes, I did.

679. You knew how matters stood with us—that the Committee, having agreed to vote for Miles, would carry four votes? Yes.

680. There were only four other members to vote—the two Gaffneys, Robertson, and Henry? Yes.

681. Then the worst position I could possibly be in would be four on each side? Yes.

682. And by putting Mr. Hall into the chair you made an absolute certainty for me as Master Warden? Certainly.

683. And if you had carried out your promise of voting for me, you made it a certainty by voting Mr. Hall into the chair? Yes.

684. Now, Mr. Hall had just previously told you at Committee, that he paid very little attention to this bribe—treated it very lightly? Yes.

685. Yet you were somewhat annoyed about Mr. Hall's action? I was not very much annoyed; I thought that he took the matter very lightly, that is all.

686. You go straight out of that Committee meeting, and you yourself move Mr. Hall into the chair, knowing that he would make a certainty for me as Master Warden? Yes.

687. Now, the ballot was kept open an hour, to allow of some members voting. During that hour there was plenty of time to cool down and get over any excitement. Nothing was said at the Board meeting about this bribe? No, nothing was said at the Board meeting whatever.

688. And Mr. Hall gave his casting vote for Miles? He gave a casting vote for Miles.

689. You said that you talked over this matter with Mr. Hall that night? Yes, going up in the train.

690. Can you tell this Committee what form this conversation took? No, I could not relate exactly what form the conversation took.

691. But you did discuss the question? I did discuss the question.

692. The whole circumstances that had occurred? Yes.

693. In connection with this matter you came down from Zeehan the night before? On the Tuesday afternoon? Yes.

694. I understand you came down for the purpose of making some arrangement for the election of a Master Warden? Yes.

695. That you came down to see Henry and Miles? I didn't come down to see you, I came down to see Henry and Robertson.

696. After satisfying yourself that there was no chance of shifting their votes in favour of Morrisby, you then set to work to make some arrangement about forming this Committee? Yes.

697. Did you have a conversation about this Committee before you saw me? No: I didn't converse with anyone about the Committee before I saw you.

698. You didn't discuss it with Mr. Johnston either? No.

699. Who suggested the Committee—you or I? You, I think.

700. And you hadn't any conversation about it before? No, not that I remember.

701. Now, in the morning, when you got out of the train, you met Morrisby, and he asked you, if you had seen Miles? Morrisby asked me if I had seen Miles.—No, I think he said, "Where is Miles?"

702. What did you reply? I think I told him that it had been arranged that we should meet and discuss the matter. That is, you and he and I.

703. You didn't say the words "I have seen Miles and come to an arrangement?" No. We could not come to any arrangement until Morrisby had given his consent.

704. I want to know whether you said these words—"I have seen Miles and we have come to some arrangement?" Not as far as I remember. I told him I had seen you and the arrangement was, that the matter of Master Warden between yourselves and Mr. Gaffney was to be left in the hands of a committee of Wardens Hall, Hales, and myself, the majority to decide who should go.

705. As to the exact words that were used on the platform, you have said, two or three times, you could not remember the exact words, but I would like to get a little nearer, if possible. The words you gave were these, "If you assist me in the matter I don't mind giving you half the salary for twelve months" Are you positive those were the words used? I cannot swear those were the words used, but something to that effect.

706. Can you remember what reply Mr. Morrisby made? Oh, Mr. Morrisby got very indignant then.

707. Did I say the words at all, "if you vote for me"? No, I don't know that you used the words, "If you vote for me," but you used an expression that was probably meant for the same thing.

708. Quite so; and you don't remember me saying the exact words, "If you vote for me" I will do so and so? I won't swear that you used those words exactly, but something like them.

709. Did you ever talk the matter over with Mr. O'Keefe afterwards? Oh, yes.

710. The same night at Zeehan? Yes.

711. Was the whole conversation that took place at Zeehan that night between Mr. Morrisby, Mr. O'Keefe, and yourself? Yes.

712. You say that Mr. O'Keefe heard the conversation with Mr. Morrisby? Well, he heard the greater part of the conversation—he must have.

713. You saw Mr. Morrisby's advertisement in the *Herald* next morning about resigning? Yes.

714. Did you consider that was inserted in any way on account of this bribe? Well, of course Mr. Morrisby expressed himself as not having kept faith with the public, and as he had previously stated that he would oppose any Government nominee appointed to the position of Master Warden, that was the reason why he had put in the advertisement.

715. Was that a reason to resign? Yes; I should think that was a reason.

716. Not because he was annoyed about the bribe? Well, he was indignant.

717. Well, you remember the advertisement—that does not say anything about any other motive? No, he didn't at that time.

718. And you thought that the chief reason that induced him to put that in was that he had not kept his pledge with the public? Oh yes, of course.

719. Was it possible for him to have kept that pledge? Yes, of course.

720. By voting against me? Yes.

721. You were under a similar pledge? Yes, to a certain extent; I was not exactly pledged.

722. You had stated that you would not vote for a Government nominee? Yes, I had stated that.

723. And you also voted for me? Yes.

At 4 o'clock the Committee adjourned till 10.15 next day.

THURSDAY, AUGUST 31st, 1899.

ARCHIBALD DOUGLAS SLIGO, *examined by Mr. Morrisby.*

724. You remember getting into the train at West Strahan on the morning of the 21st December? Yes, on Wednesday morning.

725. You did not get into the same compartment in which I was? No, I did not.

726. Then you had no opportunity of speaking to me until you got on to the platform at East Strahan? No.

727. You stated yesterday that you were in a position to hear the conversation that took place between Captain Miles and myself? Yes; I was close at hand, close alongside of you.

728. Now, you also stated yesterday that the offer you heard Captain Miles make to me you took in the light of a bribe? Yes; your action on that occasion made me think that Captain Miles had offered you a bribe.

729. If the words used now on that occasion were, "If you assist me," or "vote for me," or "support me," would you think there was any difference in the meaning of the words, if either of the three sets of words were used in connection with that offer? No, there would be no difference.

730. Then, this was the impression conveyed to your mind—that the offer that Captain Miles made to me was intended to influence my vote in placing him in the chair as Master Warden by a money consideration? There is no doubt about it. It was quite evident that he tried to influence your vote in some direction.

731. By assisting me? Yes.

732. *By Mr. Mulcahy.*—By the offer of money? Yes.

733. *By Mr. Morrisby.*—Now, you stated yesterday that Captain Miles remarked to me, when I indignantly turned away from him, that he was prepared to take half my salary if I became Master Warden? Yes.

734. What did I say or do then? You said, "Sligo, I won't have another word to say to this man; I'll abide by the decision of the Committee," or something to that effect.

735. Did I stand by after that, or did I move away? You moved away.

736. And met you later, further up? Yes.

737. You stated yesterday that you carried out my condition, and that you informed the Committee of the offer that Captain Miles had made to myself? Yes; I informed the Committee of what took place on the railway platform.

738. You have seen certain telegrams which were published in the newspapers from Wardens Hall and Hales relative to what took place at that Committee? I don't know the telegrams which you refer to.

739. A debate took place in the House of Assembly during which telegrams were read from Wardens Hall and Hales, in which they denied that you had told the Committee of the offer of Captain Miles to me? I cannot remember.

740. You are aware that they have denied it? Yes, I am aware of that.

741. Did you feel when you came out of that Committee—did you feel annoyed at the time? Well, I felt annoyed in this way, that they did not consider the matter of the bribe of any great importance.

742. You said yesterday, in answer to Captain Miles, that you did not remember making any remark to me as to what kind of a man Hall was? No, I don't remember.

743. Are you prepared to say that no such question was asked? No, I am not prepared to say that.

744. You stated yesterday that you presumed, or that you were not of opinion that Captain Miles wanted the Master Wardenship for the sake of the salary, but for the honour of the position. You presumed that? Oh, yes, I presumed that according to his conversation with you.

745. Would you consider there was more honour and glory in being Master Warden of the Strahan Marine Board than in being Master Warden of the Hobart Marine Board? In some respects there might be, in certain circumstances—in the starting of a large public work like the Macquarie Harbour Bar work, for instance.

746. You are not of opinion that it was the amount of the salary that made him so anxious to become Master Warden? No, it was not the salary at all.

747. Have any circumstances arisen since which have caused you to have a different impression—have circumstances occurred since to make you come to a different conclusion? A conclusion that he wanted the salary, do you mean?

748. No; the conclusion that he wanted the Master Wardenship for other purposes than the honour and glory of the position? Well, no, I don't know that there are.

749. Well, we will have that letter put in. You said yesterday that it was the night before—on the Tuesday night, the 20th December—that you and Captain Miles made the arrangement for referring this matter to a Committee? Yes.

750. You were under the impression, I presume, that that Committee were to act in an impartial manner, and not to be influenced by any outside considerations? Oh, certainly I thought they would.

751. Would it surprise you to know that on that very Tuesday a telegram had been sent to both Wardens Hall and Hales by the Premier advising them to vote for Captain Miles? I have since learned that such was the case.

752. If a telegram had been sent by Captain Miles to the Premier advising him to give the Government nominees a hint to support his candidature, would you think Captain Miles was acting in a straightforward manner in getting you to act on that Committee? No; nor do I think the committeemen were acting fairly with me when they had telegrams in their possession from the head of Tasmania.

753. Well, there is the telegram from the Premier to the members of the Board. They were sent on the Tuesday, and were not known to you when you made the arrangement with Captain Miles—that is correct? Yes.

754. The telegram sent by the Premier to Warden Hales was:—

CONFIDENTIAL.—Hope Captain Miles will be appointed Master Warden, because of the invaluable Marine Board experience that he will bring to management of the highly important trust in which Government and the people are alike interested.

E. BRADDON.
20 Dec., '98.

To HALES, Esq., Res. Engineer, Tasmanian Government Railways, Strahan.

Now, what would you think would be the effect of that telegram on a Government official, coming, as it did, from the Premier?

[The Chairman ruled the question inadmissible.]

755. Then, you don't think it was a straightforward act on the part of Captain Miles to induce you to enter into arrangements for that Committee, well knowing at the same time that the votes of Wardens Hall and Hales could only go one way? No; I don't think it was a proper course to take.

756. You stated that you were in a position to hear the conversation that took place on the platform between Captain Miles and myself? Yes.

757. When the debate took place in the House of Assembly, Captain Miles is represented to have made use of these words—that is, as reported in the Press, and I presume the report is correct—alluding to the conversation which took place on the platform, he says:—"When the question was asked whether he would accept the decision of the three Wardens as to whether he or I should stand for the chair, he replied, 'I won't vote for Miles; he tried to ruin me.' I replied 'What do you mean? How did I try to ruin you?' Morrisby said, 'By pressing me for those bills.' I then said, 'I have your dishonoured bills in my safe now; have held them for years; and have also your letter thanking me for the consideration I showed you in connection with them. If giving you my goods and never being paid for them is ruining you, then I have ruined you.'" Did you hear that conversation? No. No such conversation occurred while I was there.

758. If Captain Miles stated that it did occur, would you be prepared to say it is incorrect? Certainly I would—that is, while I was there present. I don't know whether Captain Miles and you had met afterwards.

759. You alluded to the conversation relative to the offer to me? Yes.

760. In the matter of the conversation with O'Keefe you heard spoken of yesterday, I think you were not present when I handed in the advertisement to the *Herald* relative to my resignation? No, I was not present; but you had told me that you were going to resign, and I told you I thought you were foolish.

761. Were you present when O'Keefe and myself discussed the question of my resignation? I think I heard part of the discussion; I then left you.

762. Do you remember O'Keefe making a suggestion as to altering the form of my resignation? No; I don't think I was present when he advised you in regard to altering the form of your advertisement.

763. *By the Chairman.*—Did you see Mr. Morrisby's advertisement before it was inserted? No, I did not.

764. When did you first see it? When it was in the paper.

765. Not before it was in the paper? No.

766. When did you first hear that Wardens Hall and Hales had received a telegram from the Premier, and of the suggestion that they should get it coming from Captain Miles? Not until some time after the election.

767. A week after? No; I believe it was within the next few days. No—I beg pardon; I first heard about it that night. Certain wires had been sent from Strahan by Mr. Ernst, and in the streets it was talked of in Zeehan. I was asked if it was a fact, but I could not say it had happened.

768. And that was the first you heard of it? Yes, that was the first.

769. Did you hear it at Strahan before you left? No.

770. You said you had stated on a public platform, when a candidate for the Master Wardenship, that you had said to the electors that you considered a Government nominee should not be Master Warden? Yes.

771. When you had said that, did one of the electors suggest that you should resign? No; I told my warmest supporters the reason of my action. I said I would not vote for Gaffney because I did not consider he was capable of carrying out the duties of the position. I said I would rather vote for Captain Miles than see Gaffney appointed to the position, with thousands of pounds to be expended on important works.

772. *By Mr. Mackenzie.*—Before the election of Master Warden, and before you made that promise, Mr. Sligo, was there any probability of a Government nominee being a candidate for the Master Wardenship? Well, as far as I can remember I don't think Captain Miles had made up his mind that he had a chance until a few days before the election.

773. Did you know that Mr. Gaffney was a likely candidate? At the first, no. The candidate that I thought all were going to support was Morrisby. Then he withdrew, and the support went altogether to some of the others.

774. You seemed to have an objection to Gaffney being appointed, but you still thought that you could make a promise that you would not vote for a Government nominee? I did think that I could keep my promise until I heard how things were going on the Tuesday evening.

775. Was there much discussion as to arriving at a conclusion? There was not a great deal of opposition. I spoke in favour of Mr. Morrisby's candidature for the post. My reason for speaking to support him was that he could give more attention to the duties than any other member of the Board. I told Captain Miles that the night before, too.

776. When you came on to the railway platform were Morrisby and Miles together—I mean when the conversation as to bribery took place? No. Captain Miles came along the platform as Morrisby and myself were getting out of the train. We were not in the same part of the train.

777. Then Captain Miles joined you and Morrisby? Yes. We were discussing the matter when Miles came along.

778. Were you there all the time? Yes.

779. And you could have heard all the conversation? Oh, I did.

780. And nothing was said about the matter which Mr. Morrisby has read out from the report of the debate? No; nothing in that respect cropped up at all.

781. *By Mr. Archer.*—Mr. Sligo, you have said you went home with Mr. Hall after the meeting of the Board? Yes, we went by train.

782. Did you then say anything to Mr. Hall by way of expressing your surprise at his voting for Miles after what you had told him about Miles offering Morrisby a bribe? No, I did not express surprise at all.

783. Did you say anything to him about the meeting? Oh, yes, we were discussing the matter generally.

784. Did you say anything to him about his not taking any notice of what you told him at the meeting of the Board about the bribe? No, I did not.

785. *By Mr. Aikenhead.*—You voted for Mr. Gaffney as Master Warden since? No, I did not.

786. Were you not present at the election? The last election of Master Warden?—yes.

787. What had Ernst to do with Strahan Marine Board matters? Well, nothing whatever, that I know of.

788. You stated just now that he sent a telegram to Zeehan after the election, stating that a telegram was sent by the Premier to Wardens Hall and Hales? Yes; he sent a telegram to the effect that the Government nominees had been instructed by the Premier how to vote.

789. To whom did he send it? I could not say.

790. *By Mr. Propsting.*—There is likely, you can see, to be a conflict of testimony as to what you said to this Committee of three. You know that Wardens Hall and Hales received a telegram? Yes.

791. And there is likely to be a conflict of testimony as to what you said. Can you not tell the Committee the exact words used by you when speaking of Captain Miles's alleged offer? No, I cannot possibly remember exactly what was said on that occasion. It is eight or nine months ago, and I can't say exactly what occurred then. I can only say that I told them of the circumstance that occurred on the railway platform, and about Warden Morrisby becoming infuriated by Captain Miles making an offer of half his salary.

Witness withdrew.

EDWARD LARET HALL, *called and took statutory declaration.*

792. *By the Chairman.*—Your name is Edward Laret Hall, and you are Stipendiary Magistrate and Commissioner of Mines at Zeehan? Yes.

793. You were appointed as one of the nominee members of the Strahan Marine Board? Yes, for the district of Zeehan.

794. Will you relate to the Committee, as far as you can remember, all the circumstances leading up to the election of Master Warden at Strahan, including any communication or conversations you may have had as to forming a sub-committee as to the election of Master Warden? Well, I had a conversation with various members of the Board as to who should be the Chairman. The question as to who should be supported for that office was discussed. That was some time before. I will come to the actual election.

795. Yes, it will be enough if you will tell us what conversations took place as to the sub-committee of which Mr. Hales, yourself, and Mr. Sligo were members? The first I knew of the sub-committee was on the morning of the election. Warden Sligo was at Strahan the night before, and I was at Zeehan. I came down to Strahan by the morning train on the day of the election. Warden Sligo got on the train at the West Strahan station, and rode from there down to the wharf station. He came up to me in the train and said—(I can't give the exact words, but I can give the purport)—“It has been arranged to refer to you, Hales and myself, the question as to who shall be supported by our party for the chairmanship of the Marine Board, whether Morrisby or Miles.” I made the remark—“It is a question whether all will agree to it.” He said, “yes they would.” That was all that passed then. I got out of the train at the Strahan wharf station, and there I met Warden Hales, and he told me the same thing. We walked about there for a while waiting for Warden Sligo, then the three of us went into the hotel. We scarcely discussed the thing. Warden Sligo said we were to decide who should be supported for the chairmanship, or rather which way the majority would go, and whichever we agreed upon the rest would support. Warden Hales said he would vote for Captain Miles. I said I thought he was the best man, and Warden Sligo said, “I will leave it to you two.” As it was two to one, it was agreed that Warden Miles should be supported, and the matter ended.

796. How long did the meeting take? About ten minutes or a quarter of an hour.

797. Was Warden Morrisby in the same compartment with you in the train? Yes.

798. Did you have any conversation as to the Master Wardenship? The conversation we had was more on side issues. We had conversed at Zeehan. Coming down by train we did not discuss the subject.

799. Did you ever promise Warden Morrisby to give him your support? No.

800. Was there any indication from you that would make him think that you would vote for him as Master Warden? None at all; the only thing that might induce him to think so would be my personal friendship.

801. Did Warden Sligo, at that conference, tell you that Warden Miles had attempted to bribe Warden Morrisby? No.

802. Did he make any reference to any bribe, or to any improper conduct on Captain Miles's part? None whatever.

803. You received a telegram from the Premier, of which this is a copy? (Telegram handed to witness.) Yes, I received a telegram somewhat similar to this. I could not say that this is an exact copy. It was to this effect, at all events.

804. What influence had that telegram on you? None whatever.

805. If you had previously given your pledge to vote for any other member as Master Warden, would you have gone back on your pledge on receipt of this telegram? No, I should not; I had given a promise, which I should have abided by, the previous afternoon.

806. What was that promise? I had been to Queenstown, and on returning to Zeehan I met Captain Miles on the wharf station, at Strahan, and introduced the question of the Master Wardenship to him. I told him that he had no chance of being elected, and mentioned that Warden Gaffney had the best support; but I said if he had any chance of being elected I would give him

my vote, but that as I did not think he had, I was going to vote for Warden Morrisby. I told Captain Miles, "If you have any chance of being elected I will give you my vote, otherwise I am going to vote for Morrisby." That was the only conversation I ever had, or in which I pointed out how I intended to vote.

807. Was that before you received the telegram from the Premier? That was at Strahan. When I got to Zeehan, about two hours afterwards, I got that telegram. I was at Strahan at 5 o'clock, or 20 minutes past, and when I got home I found the telegram awaiting me.

808. That was the night before the election? Yes.

809. Were you on terms of intimate friendship with Warden Morrisby before the meeting? Yes.

810. Has the election made any difference in that friendship? Yes; it has broken it, practically.

811. When did you first find out that your friendship with Warden Morrisby was broken? Directly after the election of Captain Miles as Master Warden.

812. Did he mention it? No; he never spoke, but he showed a decided coolness towards me. He never mentioned any reason for it.

813. *By Mr. Mulcahy.*—When you were conferring with Wardens Hales and Sligo was there anything said, in your recollection, that would indicate that some offer had been made by Captain Miles? No; I had not the slightest idea of anything of the kind.

814. Are you positive about that? I am positive that at that time I knew nothing of anything that had taken place that would be any reflection upon Captain Miles. The more I think of it, the more positive I become that there was no hint at all of anything of the kind. All Warden Sligo said was, "I will leave the matter to you two."

815. The telegram from the Premier—was it marked "confidential"? I see that copy, but I don't remember that the one I got was marked "confidential."

816. Did you regard it as confidential? Well, I can't say.

817. Did you mention having received it to anybody? No. A person met me at Strahan in the morning, and said, "Did you get a wire from the Premier instructing you how to vote?" He said, "You need not answer me unless you like; I know Mr. Hales received one. I can see by your face you got it." I laughed at him. That was the only mention of it that was made till within the last month or so.

818. Are you aware that it was known about midday at Zeehan on the day of the election—at least, before 2 o'clock? I can quite understand that he to whom I refer knew that Warden Hales had a wire, and he said he knew from my face that I had got one too.

819. Mr. Ernst, was it not? Yes. He asked me if I had a wire instructing me." I said, "No, not instructing me"; and he said, "I can see by your face you have a wire."

820. *By Mr. Archer.*—Are you sure that no mention was made of the offer of Captain Miles to Mr. Morrisby at the meeting of the sub-committee, or at any meeting of the Marine Board, not including the last meeting? No; it has never been mentioned at any Board meeting except the last one. It was not mentioned at the Committee or at the first Board meeting.

821. Are you positive of that? Oh, yes.

822. You say you saw Warden Sligo after the meeting of the Board? Yes; we travelled up by train together.

823. Did Warden Sligo say anything about the offer of a bribe on that occasion? I have never had any hesitation about fixing that time till I was informed that Mr. Cameron had said in the House that it took place at the conference. I never doubted in my own mind where it took place, but when he said it took place at the conference, I racked my memory to see if it possibly did take place there. The more I consider it, the more positive I am that it took place in the train. I have it in my mind's-eye, his coming to me in the train and speaking to me; he was addressing himself to me only. It was not likely that when I was with Wardens Hales and Sligo at the hotel he would come in and speak to me only about it. I am positively certain we were talking in a corner of the carriage confidentially.

824. That was in the train? That was in the train, the same evening.

825. And when the matter would be fresh in your mind? Oh, yes; the conference only happened a few hours sooner—about half-past ten or eleven in the morning. Our conversation would take place from half-past five to half-past seven in the evening.

826. If Warden Sligo said he did not tell you of the offer of the bribe in the train what would you say? Then he is mistaken, I think. That is my opinion.

827. You say you did not promise Warden Morrisby to vote for him for the position of Master Warden? Yes. I had a conversation with him the night before in which I urged him to give up running for the Master Wardenship in order that the party might be solid and go for Captain Miles.

828. When Warden Sligo said he mentioned the occurrence to you, you said you "did not think that Captain Miles would do such a thing"—I mean when he told you of the offer of a bribe? That was my belief at the time.

829. And that was in the train? Yes, that was in the train.

830. *By Mr. Mulcahy.*—Mr. Hall, if you had been told by Warden Sligo at that meeting of the sub-committee, that Warden Miles had said to Warden Morrisby on the platform that morning,—“I should like to be Master Warden, at any rate, at first. It is not the money—the salary

is of no consequence to me. Damn the salary! You can take it, if you like, but I should like to be Master Warden, at all events for the first twelve months," and subsequently, after further conversation, he said, "Look here, Morrisby, I will tell you what I am prepared to do. I would like to be Master Warden, and if you will vote for me I am prepared to share with you half the salary I get, or the emoluments I get, as Master Warden." If you had heard that statement at the conference, would you still have supported Captain Miles for the office of Master Warden? I can scarcely say. It would depend on whether I believed it was an offer to bribe or something else.

831. If these words were used, and came to you, could you say if you would have voted differently? I question if he had used the words. If I thought he made use of these words with a wrong intention, that would have made me change my mind. I should have had to consider whether he used the words, and as to his intention. The most I can say now, is as to what I did when Sligo told me of it.

832. If you had been satisfied that Captain Miles made use of these words, "Look here, Morrisby, I will tell you what I am prepared to do. I would like to be Master Warden, and if you will vote for me, I am prepared to share with you half the salary I get as Master Warden."—If you had been satisfied that these words were used, would you, from these words, put the construction upon them that he wished to purchase Morrisby's support? No, I don't think I should. I took my own view as to what the meaning of it was at the time I first heard it.

833. Can you remember enough to tell the Committee if that was what you heard at that time, or subsequently, when Captain Miles's words were quoted, or what you did hear? Yes, it was said that Captain Miles had offered half his salary to Mr Morrisby, if Morrisby would vote for him.

834. The words you quoted? No, I did not profess to tell the words exactly, it was more the effect of the conversation.

835. You don't think if these very words were used—you don't think you would have regarded it as the offer of a bribe? I should have put the conversation in the way I first looked at it, either that Warden Sligo had mistaken the words or had misunderstood the offer that was made. If you like I can tell the committee the view I took of it at that time.

836. It would be as well? Well, I looked at it this way: Captain Miles was a business man, with many interests, and he would be away a good deal, and that Warden Morrisby would undertake to carry on his duties in his absence, and get half the salary for it.

837. *By the Chairman*.—That is what took place the evening after that election? I did not think that Captain Miles was offering money for a vote from the conversation, but that it was a recompense for duty that would be performed by Warden Morrisby in Captain Miles's absence.

838. That was what you took as the meaning of the conversation when you got back to Zeehan—that was how you looked at it? Yes; I never for a moment thought it was to be looked on as a bribe. I put it that Warden Sligo had misunderstood the thing altogether.

839. *By Mr. Mulcahy*.—But Warden Sligo did believe that it was the offer of a portion of the salary to get a vote? I did not take that view. Sligo seemed to think Miles did offer a bribe.

840. *By Mr. Mackenzie*.—Your choice for the position of Master Warden was between Captain Miles and Warden Morrisby; you would have no objection to vote for either of them. I gather this from what you said? No; I would have been quite content to see either of them in the chair.

841. You said to Captain Miles on the previous afternoon that he had no chance of being elected? Yes, that was what I thought then.

842. Did you know how Warden Hales was going to vote? I think I had an idea.

843. You had received no telegram up to this time? No.

844. When did you form the opinion that Captain Miles had a better opportunity of being returned than the other? When Warden Sligo told us in the morning that it was left to the three of us to say who should be Chairman of the Board.

845. Did you know then who Warden Hales would vote for? So soon as I met Hales he told me how he was going to vote.

846. And you are quite sure that Warden Sligo did not mention at the conference the offer of half the salary? Yes.

847. Was anything heard or said about it at the meeting for the election of Master Warden immediately after? You mean at the Board meeting?

848. Yes. Was anything said about the offer? No; nothing was said about the offer then.

849. Was anything noticeable in the conduct or demeanour of Warden Morrisby at that meeting, when it was decided how the vote went, or who was elected Master Warden? I did not notice anything.

850. It was not until the evening, when you were returning home, that you heard anything about the offer of a bribe? No.

851. Did Warden Morrisby travel with you on that evening home to Zeehan? Yes.

852. Did he say anything about the offer? No.

853. Did he speak to you at all? Well, not more than half-a-dozen words.

854. Did he seem friendly? No. That was the first indication I received that he was not friendly to me. When we got into the carriage at West Strahan he received me coolly; only a few short remarks passed between us; in fact, he scarcely spoke at all. We passed a few words but very little; he was in the same compartment.

855. *By Mr. Davies.*—That would be one of the long carriages of the old Main Line? Yes; it is divided into two compartments now.

856. *By Mr. Mackenzie.*—If you had found that Captain Miles had no chance of being returned, you would have voted for Mr. Morrisby? Yes.

857. *By Mr. Aikenhead.*—The Mr. Ernst now mentioned—what had he to do with the Marine Board election? He was at the time anxious to have Mr. Gaffney returned as Master Warden.

858. Do you know if he was friendly, or unfriendly, to Captain Miles? Only by hearsay. I believe he is unfriendly, but I don't know it.

859. Then he was taking some interest in the election? Yes; from his conversation I think he was anxious to get Gaffney elected.

860. When Warden Sligo met you first that morning, will you tell the Committee what took place up to the election of the Master Warden—I mean, when he met yourself and Warden Hales. Tell us what took place up to the time of the election of Master Warden? Similar statements were made, and when once in committee Warden Sligo explained again that it was left to us to say which of the two candidates should be elected, Warden Hales said “he would vote for Warden Miles.” I said, “If I considered friendship I would vote for Warden Morrisby, but I would put aside friendship and would go for the person best fitted by his experience for the position, and that was Warden Miles.” What Warden Sligo said was that he “would leave it to us.” He did not say he should vote for one more than the other. These remarks were repeated in different form while the meeting lasted; then we broke up. Warden Sligo left us, and I don't remember exactly what occurred then. We went to the Board meeting.

861. When you got to the meeting, what occurred? When we got to the meeting, as soon as it was started I was voted to the chair.

862. Who proposed that? I think it was Warden Miles. It was all cut and dried, I think, as to how it was to be done.

863. *By the Chairman.*—The minute-book says—on the motion of Warden Sligo, Warden Hall was voted to the Chair? That, no doubt, is correct.

864. *By Mr. Propsting.*—You told us you thought Warden Sligo believed the words used by Captain Miles to be in the light of a bribe? Yes.

865. Did Warden Morrisby, the first time you met him after the conference, exhibit any coolness towards you? Yes, he did.

866. Before the meeting for the election of Master Warden? No, I don't think he had an opportunity—I don't think I spoke to him. He had no chance of showing any coolness.

867. At the Committee meeting did Wardens Sligo and Hales have any conversation that you could not overhear? I can't say that. They might have conversed to any extent, and I would not take any notice, unless my attention was called to it.

868. I mean at the preliminary meeting? Oh, at the conference. No; there was no private conversation there. Nothing passed there excepting what was said between the three of us. No two of us entered into any conversation.

869. When Warden Sligo told you what had taken place on the platform, did you say anything to him—you say you have talked over it? No; I don't think so—I am sure I did not.

870. Did he then tell you that Warden Morrisby was indignant at the remark made by Captain Miles? I don't remember him saying that; I don't think he did. All he told me was that the offer had been made.

871. You said on your arrival at West Strahan Mr. Sligo got into the carriage? Yes.

872. And he told you of the arrangement that had been made whereby you were to meet and decide in conference who to support for the position of Master Warden? I don't think he used the words “in conference,” but what he did say was to that effect.

873. That was directly he got into the train? Yes.

874. And you were informed that this arrangement had been made directly you got into the train? Yes.

875. *Examined by Mr. Morrisby.*—You said just now, Mr. Hall, that Mr. Sligo got into the train at West Strahan? Yes.

876. Did he get into the same compartment as that in which you and I were sitting? I believe he did, but I would not be sure on that point.

877. Did he speak to you before he got into the train? Yes, he may have done that.

878. Was I sitting in the same compartment as yourself? From Zeehan down to Strahan you were.

879. Will you state definitely that Mr. Sligo got into the train and got into the same compartment as us—because you stated just now that Mr. Sligo related a certain thing to you in the train? No; I don't think I said “in the train,” because I would not be certain that it was in the train. It might have been on the foot-board, or even on the platform. I cannot remember now whether I got on to the platform temporarily.

880. But you said just now that Mr. Sligo got into the train and told you of this arrangement in travelling round to East Strahan? No; I don't think that I said he told me in the train.

881. But he told you? Yes, he told me; but I couldn't say whether on the foot-board or on the platform, or whether I got out temporarily. It was at the station.

882. *By the Chairman.*—It was somewhere between the times of the arrival of the train at West Strahan and its arrival at East Strahan? Yes, and I can place it even closer than that: it was while the train was waiting at West Strahan.

883. *By Mr. Morrisby.*—I merely want to show that Mr. Sligo did not travel in the same compartment with Mr. Hall and myself—that he absolutely did not get into that part of the carriage? Well, I did not say he did.

884. Do you remember any others getting into our carriage? No, I don't; if you were to mention some names I might recall them to my memory.

885. Do you remember Mr. and Mrs. Norman getting into the carriage at West Strahan? No, I do not.

886. You remember walking down the street in Zeehan with me the night before the meeting? Yes.

887. The subject of the election of a Master Warden was brought up by you? Yes.

888. Did I, at any time, ask you for your vote on my behalf? No.

889. Nor did you proffer me your vote? No.

890. Did you mention on that occasion—that is, when walking down the street at Zeehan—that you had seen Mr. Sligo at Strahan? Yes; I think it most likely I did, but I cannot call to mind now that I said I had met him, nor do I remember now whether I had met him at Strahan. I know I was aware that he was at Strahan, but I cannot say now whether I saw him there or was told he was there.

891. Now, do you think you put this question to me, "In the event of your being elected Master Warden, are you prepared to live at Strahan?" Yes; I believe I did say words to that effect.

892. And my reply? I think you said you would change, or were willing to change.

893. Did you then say, "Well, that removes one of the difficulties"? I said something like that. I think it more likely I would have said, "That would remove a difficulty."

894. Now, you remember the last Marine Board meeting at Strahan—do you remember speaking on this subject? Yes.

895. On that occasion you are reported to have said that Mr. Sligo might have said something to you at the conference? I don't think I said that.

896. Well, it is so reported in the *Mercury*? Well, if it is reported so, I now say that the reporter must have misunderstood me; but I don't think he pretended to take a *verbatim* note of what occurred. He told me that he wasn't taking shorthand notes, except of Warden Sligo's answers.

(Paper handed to witness—cutting from *Mercury* of 22nd August, 1899.)

Witness—I do not think I used those words at the Board meeting. It might refer to what I said in the train, but this report is a very condensed one of what happened at the meeting. I must have said a good deal more than that.

(Chairman handed report taken from *Zeehan and Dundas Herald*.)

Yes, this is more to the effect of what I spoke of. I never said at that time that Warden Sligo never told me of the occurrence about the alleged bribe at that conference.

Mr. Mulcahy.—It is well to emphasise that fact, because the *Mercury* report says to the contrary.

897. *By Mr. Morrisby.*—Then, if the *Mercury* report is not absolutely correct with regard to what you said, you do not think it would be absolutely correct in reporting what I said? My experience of newspaper-reporting is that there is always room for a correction.

898. I mention this because it has been urged that the *Mercury* report of what I said was absolutely correct? It would stand to reason that it might not be absolutely correct, for the reporter said he was not taking shorthand notes, so I do not suppose that he would guarantee its correctness himself.

899. In the return journey from Strahan to Zeehan, you stated I was in the same compartment as yourself and Warden Sligo; can you tell this Committee in what positions we were seated? You were seated in one corner of the compartment, opposite, I think, and I was sitting in the opposite diagonal corner, and I think that part of the time Warden Sligo was sitting opposite you, but more towards where I was sitting, and part of the time was sitting opposite me.

900. Would it surprise you if I told you I was sitting in one corner, and that you were sitting immediately opposite to me? I think I could remember if that had been so.

901. I wish to point out that with Warden Hall seated immediately opposite to me and Warden Sligo beside him scarcely any conversation could take place without him hearing it? But, if you remember, you were asleep part of the time, or pretending to be asleep. To the best of my opinion, I had been sitting, as I said, opposite to you.

902. Were you aware that before the conference Warden Hales had received a telegram from the Premier of similar purport to that received by you? No.

903. But were you aware from other sources that Warden Hales had had that telegram? I took it for granted that as I had a telegram one would be sent to him also.

904. Then, do you think it was an honourable thing for two members who were practically pledged to a certain course to put themselves on a Committee of this sort? There were three of us on that Committee. In the matter of voting you would of course vote for yourself, and so of course would Captain Miles give himself his own vote; it was left then for us three to say how the election would go, and I took it we were to decide how the party should vote, and the members would follow the decision arrived at.

905. You said just now that you would interpret Captain Miles's remark to mean that he had the intention of offering me half his salary? I thought if anything was said about giving half salary that you would do the work in his absence.

906. And you have known me a good many years now, Mr. Hall; have you ever observed anything in my character that would lead you to suppose that I would accept a position as Captain Miles's servant? Well, I would not hesitate to take that position myself, if it were offered to me; it practically meant acting as Master Warden in the absence of Captain Miles.

WILLIAM PRIOR HALES *was called, made the statutory declaration, and was examined.*

907. *By the Chairman.*—Your name is William Prior Hales, and you were appointed a Warden of the Strahan Marine Board? Yes.

908. And you are the resident engineer of the Government Railways at Strahan? Yes.

909. Prior to the first election of Master Warden had you given any promise or pledge to any Warden, directly or indirectly, that you would vote for him as Master Warden? I did give some sort of a promise—a half promise—to support Mr. Gaffney, indirectly, before I knew—

910. Did you give him that promise directly? No, through a third person.

911. Will you mention the name of the third person? Mr. Prater. I did not know at the time that Captain Miles was going for the position.

912. Will you detail the circumstances, as far as you remember, between the time the train arrived at West Strahan on the morning of the election of Master Warden, and the time the Master Warden was elected? It is a long time ago, but I will give them as far as I can recollect. I was asked if I would meet Wardens Hall and Sligo to confer with them as to who we should vote for: I cannot remember who asked me—I have been trying to think, but cannot remember. We met together, and I at once said, "I am going to vote for Captain Miles." I made that statement as soon as we met together—"I am going to vote for Captain Miles." The other two discussed the question: they discussed as to whether they should vote for Captain Miles or Mr. Morrisby. Having made known my intention, I took very little part in the discussion.

913. It was decided that the three should support Captain Miles? Yes.

914. Did you receive a telegram from the Premier the day before, of which this is a copy?—(Paper handed to Witness). Yes, I received that telegram.

915. When you received that telegram, what effect had it on you?—to what extent did it influence your vote? Well, I naturally felt that, as a Government nominee, I was not entirely there on my own account—I was representing the interests of the Government.

916. And did you look on that telegram as an instruction to you to vote for Captain Miles? Oh, no; just a courteous expression of a wish.

917. If you had given a pledge to vote for Mr. Gaffney, would you, on receipt of this telegram, have gone back on that pledge? I told him the night before, I had changed my mind.

918. Had you made any promise to support Mr. Morrisby? No.

919. Did you communicate the contents of this telegram to anybody? No. It is marked "confidential."

920. It has been stated in evidence that the fact that you received a telegram from the Premier was known in Zeehan shortly after the election for Master Warden took place—can you inform the Committee how that became public property? No; I have not the slightest idea.

921. Had you any conversation with Captain Miles regarding his candidature for the Master Wardenship prior to the election? Yes.

922. When was that? The night before.

923. What took place? He asked me to vote for him, and I would not give him an answer that night. I said I would think it over till next morning. Next morning I met him on the Strahan Wharf, and said, "I have decided to vote for you."

924. At this Committee meeting—this conference we will call it—what did Mr. Sligo say when he came in to join you and Mr. Hall? I don't remember any particular conversation, except, simply, they discussed Miles *versus* Morrisby.

925. And you then indicated that you considered Captain Miles more fitted for the position than Mr. Morrisby, and you intended to vote for him? Yes.

926. Now, it has been sworn that Mr. Sligo, when he went into that conference, informed you and Mr. Hall that Captain Miles had attempted to bribe Mr. Morrisby? No; he said not one word about it.

927. When did you first hear of this alleged attempt to bribe Mr. Morrisby? I could not say that; it certainly was not on the day of the election.

928. Was it within a week after? It might have been: I heard an outside rumour.

929. That was the first you heard of it? It was the first I heard of it.

930. If you had been told by Mr. Sligo that Captain Miles had offered a bribe to Mr. Morrisby, would that in any way have altered your determination to support Captain Miles? Well, I could not accept an accusation like that on his unsupported word; I should have felt it my duty to bring it before the Board, and give Captain Miles an opportunity to explain himself. I could not say what I should have done in a suppositious case; it would all depend upon what was proved.

931. Would you have thought that the charge was of importance enough to mention to the Board? Certainly; I would think it only my duty to mention it to the Board and Captain Miles.

932. *By Mr. Mulcahy.*—Having promised Mr. Gaffney to vote for him, I suppose you would have voted for Mr. Gaffney but for that telegram? No; I did not know Captain Miles was going for the position when I promised to vote for Mr. Gaffney, and, to tell the truth, I had forgotten that half promise. It was made at a private conversation at my own house, and I had forgotten I had made it.

933. And having received a telegram from the Premier you felt it your duty to vote as directed? I felt it my duty to give it some consideration.

934. When you went to the conference was there an understanding that you were to submit yourself to the will of the majority,—that is to say, had Wardens Hall and Sligo decided to vote for Mr. Morrisby, would you have voted for Mr. Morrisby too? No, I was under no compact.

935. Then what object had you in attending the conference? They asked me to come and talk it over.

936. But your mind was made up before the conference? Yes.

937. To vote for Captain Miles? Yes.

938. If you had been told at that conference, or at the meeting of the Board subsequently at the election of Master Warden, that Captain Miles used these words on the railway platform, "Look here, Morrisby, I will tell you what I am prepared to do; if you vote for me I am prepared to share with you half the salary I get,"—if you had been told that, would you then have voted for Captain Miles? I should want some proof of it.

939. Then what course would you have taken at that meeting if Warden Sligo had asserted that these words were said in his hearing—either at the conference or at the meeting after? I should consider it my duty to mention it to the Board, and equally my duty to Captain Miles, to give him an opportunity to meet the charge.

940. Didn't you, when telling Mr. Gaffney that you had changed your mind, inform him that you had received a telegram? No.

941. You have, then, no idea how the impression got abroad that you had been instructed to vote for Captain Miles? I have not the slightest idea.

942. The telegram to yourself was marked "confidential"? Yes.

943. And you did not divulge it to anyone? No.

944. *By Mr. Archer.*—I think I understood you to say, Mr. Hales, that you would have supported Captain Miles even if you had not received a telegram? Yes.

945. And you are quite sure that Warden Sligo did not mention anything about the offer of a bribe by Captain Miles to Mr. Morrisby at the meeting or conference—you are positive? I am quite positive he said not one word about it.

946. *By Mr. Mackenzie.*—How long before that meeting, on that morning in December, Mr. Hales, did you make that promise to support Mr. Gaffney? It must have been some weeks before; I could not say exactly.

947. Had you any reason to change your mind—to think Mr. Gaffney unsuitable for the position? No, I didn't know that Captain Miles was going for the position. When I did know that I considered him a better man.

948. At the time you made the promise to support Mr. Gaffney you didn't know that Captain Miles was a candidate? I didn't know he was going for the position.

949. Did you see Warden Sligo before you went to that sub-committee for the election of a Master Warden? I do not remember seeing him.

950. Did you go into the room together? Yes.

951. And you are quite sure that Warden Sligo made no mention of an offer of Captain Miles to Mr. Morrisby? Yes, perfectly sure. Although it happened so long ago, still I could not forget a thing like that.

952. Between the time that you made the promise to Mr. Gaffney and the meeting, did anyone approach you as to supporting any other Warden as Master Warden? Captain Miles, the night before.

953. *By Mr. Aikenhead.*—Mr. Hales, I think you said you received that telegram from the Premier the day before the election? Yes.

954. Do you know Mr. Ernst? Yes.

955. Will you ransack your memory to recollect—did you tell him that you had received a telegram? He is the last man I would tell anything to.

956. Can you account in any way, supposing such a statement has been made, for the fact that Mr. Ernst should make the assertion that he knew you had received a telegram? I cannot account for it.

957. And making that assertion the same day the telegram was received? I cannot account for his obtaining the knowledge that the Premier had sent me a telegram.

958. *By Mr. Propsting.*—Did you promise to vote for Captain Miles after receiving the telegram from the Premier? Yes; it was after.

959. At the conference did Wardens Sligo and Hall say anything to one another which you did not overhear? No.

960. You heard all that was said? Yes, we were all three talking together.

961. Was it possible for the alleged speech of Captain Miles on the platform to have been mentioned without your hearing it? I do not think so. No, it was not.

962. It was not possible? No. We were in a very small room, and all three speaking together.

963. Can you recollect who asked you to attend that conference? No, I cannot.

964. Who did you meet first that morning—Warden Sligo or Warden Hall? I could not say.

965. Did you see Mr. Sligo the day before? No.

966. *By Mr. Davies.*—You stated, Mr. Hales, that had Mr. Sligo made this statement about this supposed bribe at the meeting, although you had promised Captain Miles before going to the meeting, you would have brought the matter under the notice of the Board? I should consider it my duty to do so.

967. Had that been done you would have considered it your duty to have informed the Board? Yes.

968. *By Mr. Morrisby.*—Were you ever asked to support me for Wardenship, Mr. Hales? I do not remember any request being made to me.

969. I never asked you? No.

970. You were at a gathering at the Heads on the Sunday previous to the election of Master Warden? I could not say whether it was the Sunday immediately before or a previous Sunday.

971. It was a few days before that you were at the gathering? Yes.

972. Were you aware that it was freely mentioned at that gathering that you were going to support Mr. Gaffney? No.

973. You were not aware? No.

974. Can you tell the Committee what time it was you saw Captain Miles on the night of the 20th? About 7 o'clock, I think.

975. Not later? I cannot remember at this length of time.

976. Can you remember where it was you saw him? In my own house.

977. Were you aware at that time that Captain Miles had sent a telegram to the Premier asking the Premier to send a telegram to you asking you to support Captain Miles as Master Warden? No, I was not aware of it.

978. Have you been aware of it since? No.

979. Did Mr. Gaffney see you also on the night of the 20th? Yes.

980. About what time? It was after Captain Miles had left.

981. And he spoke to you about the Master Wardenship? Yes.

982. It was pretty generally known on the West Coast that Captain Miles was a candidate for the Master Wardenship, was it not: it appeared in the Press on the Coast, did it not? I was not aware of it.

983. You had not seen or heard of it? No, not up to a certain time.

984. We will say up to the day before? I do not think so.

985. Do you remember whether you went round to East Strahan from West Strahan, on the 21st, in the train? I cannot remember that.

986. *By the Chairman.*—Mr. Hales, we are going to pass away from that matter and deal with the calling for tenders for the West Breakwater. Will you tell the Committee what happened on the receipt of the first tenders: will you tell us anything that transpired relative to the alteration of the contract with Hungerford & Co.,—the alteration of the original specification? The alterations were made after the tenders had been opened, and at a subsequent meeting were adopted by the Board.

987. Who suggested them? I believe it was Mr. Barrowman.

988. And what is your opinion of the alterations, as an engineer? It is now a much safer specification.

989. Were the alterations approved by Mr. Napier Bell? There is a letter of his in which he approves in a qualified sort of way. I think his correspondence would tell that better than I can.

990. He raised no objection to the alterations, as far as you know? He approved of them at the first, when they were first submitted to him.

991. *By Mr. Mulcahy.*—He approved of them? I think so.

992. *By the Chairman.*—Did these alterations make a new specification, or were they merely interpretation clauses inserted in the contract, to explain? They made a more stringent specification.

993. When Messrs. Hungerford & Company declined to sign the contract, what happened—what did the Board do? There were a number of meetings, and it was put off from time to time; and, finally, they decided to call for fresh tenders.

994. And were these fresh tenders advertised? The original tenderers were asked to send in fresh tenders on the amended specification.

995. And who was the lowest tenderer the second time? Derbidge & Co.

996. When did it first become known to you that Captain Miles's son was interested in the firm of Derbidge & Co.? I could not say exactly when, but it was when we were considering whether we would accept the next lowest tender—what we should do with Hungerford—whether we should take their tender or accept the next lowest (Derbidge's). There was some idea of accepting Derbidge's as the next lowest.

997. You are speaking of the first tenders? Yes, the first tenders. When Hungerford refused, we had the option of accepting Derbidge's tender, the Board knew then. It was mentioned at the time.

998. You knew then that Captain Miles's son was a member of the firm of Derbidge and Co.? Yes; we got our information from a letter from Captain Miles himself, if I remember rightly.

999. And has the tender of Derbidge been now accepted? No, it is not accepted yet.

1000. *By Mr. Mulcahy.*—Did you know anything of the firms—any of them who tendered the first time? Yes, I knew of some of them.

1001. Did you know anything of Derbidge & Co.? Only by repute.

1002. Had you any idea of what men were going to tender—of what men were inspecting the site of the breakwater with a view to tendering? Yes; Hungerford, Baxter and Sadler, and I forget the names of others. Some were strange men that I did not know.

1003. Do you know who inspected on behalf of Derbidge & Co.? No.

1004. Nor on behalf of Stocks, the next lowest? No.

1005. Do you think, as an engineer, that the alterations in the specification were fair towards tenderers after the tenders were in on the original specification? Well, if I were a contractor I would not sign a more stringent specification than the one I tendered on.

1006. Then, in your opinion as an engineer, the amendments were more stringent? Yes.

1007. And would involve the contractor in a heavier cost? Yes.

1008. Then, you consider that the original specification could be interpreted in a way that would be more profitable to the contractor? Well, we heard that Hungerford had been saying with regard to first class stone on the original specification—that he would take care that he would not put in any stone weighing a pound more than ten tons, if he could help it.

1009. You heard that he had said that? I heard so.

1010. Of course, that didn't affect you, though you had his tender on the original specification? Yes.

1011. And you didn't go by any hearsay: you went by his tender on the original specification? In considering his tender in the first place, yes.

1012. Would you consider that Hungerford, if he had been given the contract to carry out, had not put in any stone heavier than, say, 10½ tons, would be fulfilling the condition according to the spirit of the contract? No, not according to the spirit.

1013. Well, was the interpretation that was put in afterwards in accordance with the spirit of the specification? Well, it was more stringent; it would be more costly to carry out.

1014. Well, was it such an alteration as you thought fair,—was it fair to the contractor to ask him to sign a contract on this amplified specification? No.

1015. It was not fair? No.

1016. What was the particular alteration,—in the original specification, first class stone was taken as from 10 to 20 tons; in the interpretation of the clauses made afterwards I suppose you would have those? (Papers handed to witness, tender, specification, and conditions). This is the original specification. The interpretation clauses were in typewriting.

1017. You saw the alterations which were proposed to be made? I will refresh my memory, and give the exact words. The alteration was to the effect that, instead of saying stone from 10 to 20 tons, I think it said the average weight of stone was to be 15 tons.

1018. That is the first class stone? First class stone, yes.

(Paper handed to witness.)

1019. *By the Chairman.*—Is that the new specification? This is not the one that Mr. Mulcahy is asking about. I do not think it was printed, it was submitted to us in typewriting.

(Paper handed to witness.)

1020. Is that it? Yes. [Witness reads from paper, Appendix 13]—"First class stone, being from 10 to 20 tons weight, shall mean the average of that class shall be 15 tons."

1021. *By Mr. Mulcahy.*—Now, the original specification provides that first class stone was to be from 10 to 20 tons each;—do you consider this interpretation of that provision fair to a man who had tendered on the original specification you have just read? No.

1022. You do not consider it fair? No.

1023. And if you had been a contractor yourself you would refuse to take it up and go on with it under these conditions? It depends upon the price I got.

1024. Were there any other important alterations from the original specification that you know of? Those referring to the plant and the progress of work at different periods.

1025. Were these modifications fair? There was nothing very stringent about them, and I believe Hungerford was prepared to accept these. The only thing he objected to was the average weight of stone.

1026. Then, the other modifications were considered fair, inasmuch as they were not considered objectionable by the tenderer? Yes, he was prepared to accept those.

1027. *By Mr. Archer.*—Mr. Hales, do you know whether Captain Miles took a more active part in having these specifications altered than the other Wardens? Yes; as Master Warden he would naturally take a more active part.

1028. *By Mr. Mackenzie.*—Mr. Hales, the Marine Board could have refused to accept any of these tenders, I presume? Yes.

1029. There was nothing to compel them to accept the lowest, or any of them? No.

1030. What time elapsed between these alterations in the specification, or the altering of the interpretation, and the calling of the second tenders? I could not say; the minute-book would give all that information.

1031. Do you consider there was sufficient time allowed for the tenderers to consider the matter, and look at the work again before you considered the second tenders,—seeing that some of these tenderers lived out of the Colony, had they all sufficient time, in your estimation, to carefully reconsider the work before the second tenders were sent in? Yes.

1032. And each one that tendered had an opportunity of sending in a second tender? Yes, as far as I know. Of course the Secretary would send them a new specification.

1033. In considering the altered interpretation of the tender, were the Wardens unanimous in approving of the alteration? Yes, I think so; I think they were.

1034. You considered the alteration a benefit to the Marine Board, or a protection to them? A decided protection.

1035. Then, there would be nothing unfair if each tenderer had an opportunity of making another offer; there would be nothing unfair to any of them in giving that opportunity to each? No.

1036. Or in rejecting the first tenders; nothing unfair in rejecting the first tenders? No.

1037. All the tenderers understood that their tender might be rejected, even if it was the lowest? Oh, yes; certainly.

1038. *By Mr. Aikenhead.*—Do you know, Mr. Hales, if Hungerford and Co. had the opportunity or chance offered them, after it had been proposed to amend the specifications, of going on with their contract—that is, the first tender or contract under the original conditions? I don't quite catch your question.

1039. I will put it in another way,—was any offer made to Hungerford & Co. to this effect—that they could go on with the work on their first tender on the original conditions? Oh, yes.

1040. And did they decline? So we were informed.

1041. And did they put in a fresh tender under the proposed alterations? Yes.

1042. And therefore agreed to abide by the result? I believe so. In fact, Hungerford told us himself that he was prepared to abide by the second tender.

1043. Now, to put it in a general way, did Captain Miles do anything in connection with the tenders that wasn't straightforward and aboveboard? No.

1044. Or to which any exception was, or could be, taken by the other members? No.

1045. I take it for granted that you are thoroughly acquainted with everything in connection with these contracts, and attended the Board meetings regularly? Yes.

1046. And being so acquainted with the details, you are of opinion that nothing has been done by Captain Miles that was not straightforward and aboveboard? Nothing whatever.

1047. Do you know anything of the firm of Stocks & Co? No, I do not know them.

1048. Nor any member of that firm? No.

1049. *By Mr. Propsting.*—Under the original specification could Hungerford have provided 10-ton stone throughout for first class? You mean could he only provide 10-ton stone, or say a pound over. No; he could not cut it so fine.

1050. Or 11-ton stone? He would be bound to get some considerably over.

1051. You mean would he be fulfilling his contract if he used stone, say of 11 tons weight? Yes, that is my meaning.

1052. And would that be carrying out the real intention of the Board? No.

1053. Then, the original specifications did not express the intention of the Board? Well, the specifications were Napier Bell's.

1054. Well, did they express what the Board understood they were to get? They were hardly strict enough.

1055. Did the alteration express the real intention of the Board in putting the stone at an average of 15 tons? Yes.

1056. When you say they were more stringent, do you mean it would have expressly bound the contractor not to depart from the Board's original intention? Yes.

1057. Would you consider that the contractor was treating the Board fairly if he only provided stone, say of 11 tons weight?—I am referring to the original specification? No.

1058. Were you asked whether fresh tenders should be advertised? I was asked if I would agree to calling for tenders from the original tenderers only.

1059. When Mr. Hungerford accepted the alteration did he do so at a Board meeting personally,—you say he agreed to the alterations of the specification and fresh tenders being called for amongst the original tenderers; did he do that personally? Not at a Board meeting.

1060. When did he do it? I believe he met Napier Bell in New South Wales.

1061. Do you ever recollect Mr. Hungerford being called into a Board meeting? Yes.

1062. What took place? It was when the second tenders were opened. He was asked if he would take up the original contract at the original price, and he fenced the question. He said he would have to consult his partner or partners, or something to that effect. I think he said he was prepared to abide by the second tender. I would not be sure of his exact words.

1063. That was when the tenders were being opened? We had just opened them and called him in.

1064 Do you consider the alteration of the specifications, in all the circumstances, in the interests or against the interests of the Colony? In the interests of the Colony.

1065. Were you consulted as to the alteration at a Board meeting, or by letter or telegram? The alterations were produced at a Board meeting, and discussed.

1066. Did you then consent to them? Yes.

At 1 o'clock the Committee adjourned till 2:30.

AFTERNOON SITTING.

The Committee resumed at 2:30.

WILLIAM PRIOR HALES, *examined by Mr. Morrisby.*

1067. Do you remember what date it was when the tenders were received—I mean the first tenders? No; I could not remember the date.

1068. Have you any idea about what time you first saw the explanatory clauses? I suppose it would be about three or four weeks after the tenders were opened.

1069. I thought you said this morning that you had seen them before the tenders were opened? No; I don't think I have said that.

1070. Were you consulted, or did you see the explanatory clauses before they were brought before the Board? I think I saw them in the Marine Board Office before they were brought up at the meeting.

1071. Do you remember the date of the meeting at which they were considered? No, I could not tell you the date.

1072. I thought your memory might have been refreshed by what took place yesterday? Yesterday?

1073. Yes; this matter was discussed by us with the solicitors to the Board yesterday? But we did not go into anything of that kind.

1074. The minute book says that the specifications were considered on the 11th May; also, that the tenders were received at a meeting held on 17th April—now, these explanatory clauses are dated 28th April—had you any opportunity of seeing the explanatory clauses before the meeting held on the 11th May? If the 11th May was the date when they were considered by the Board, then I saw them in the office a day or two beforehand.

1075. At that meeting on the 11th May, was it not then stated by the Master Warden for the first time, that Mr. Hungerford was taking exception to these explanatory clauses? I could not say that at this length of time.

1076. Do you not remember the Master Warden saying that he had arranged with Mr. Hungerford for 10 days' extension of time to enable him to go to Sydney to consult about it? Yes, I remember him saying so at one meeting.

1077. Do you remember whether the meeting held on the 11th May was adjourned for a few days, say to Monday, the 15th? I could not say; the minute book would tell you.

1078. Could you remember, subsequent to the meeting when the explanatory clauses were considered, that a resolution was passed deciding that, in the event of Mr. Hungerford refusing to sign the contract, fresh tenders should be called for? Yes; that was decided on at one meeting.

1079. Do you remember whether, at the meeting held on the 11th May, the Master Warden said (alluding to Hungerford not being inclined to sign) that the tender of Derbidge & Co. should be accepted as the next lowest tender? Yes; he did so, actuated by the Solicitor-General's opinion.

1080. Coming to the second tenders—you said this morning that you approved of the suggestion to limit the new tenders to those who had tendered previously? Yes.

1081. Who had consulted you on that matter? Captain Miles sent me a letter.

1082. Would this be correct, then, here, in a letter which the Master Warden wrote to the Strahan Marine Board, and which was published in the *Zeehan Herald* of July 12th—"When I wired to all the Wardens I made it as plain as possible: the majority agreed to the proposal. Warden Hales was in the bush, and could not be got at"—is that correct? Yes; that is correct. My reply was too late when I came back.

1083. *By Mr. Aikenhead.*—No tender has been accepted yet? No.

1084. Why? We want to be quite clear about the Board's legal position and about funds and so forth.

1085. That is in reference to the first tenders? Yes.

1086. You are now waiting for a report from Mr. Napier Bell? Well, we expect him here every day.

1087. We understand, then, that one reason is that the Board want to be clear as to Mr. Hungerford's legal position, and under any circumstances you want a recommendation from Mr. Napier Bell? Yes; we want to consult him before we come to a decision.

1088. Those, then, are the two reasons? Yes; those are the two reasons for not accepting any tender yet. I might mention that the Board's solicitor was afraid that the evidence given at this Committee might, if published, prejudice our case: we might be showing our hand.

1089. *By Captain Miles.*—I had a good many conversations with you, Mr. Hales, both before and after the conditions and specifications were prepared, in connection with this work—what was the impression left on your mind, on each occasion, as to my action—would you say I was endeavouring to make a contract to protect the Board or the contractors? One that would protect the Board.
Witness withdrew.

JAMES JOSEPH GAFFNEY, *called and took statutory declaration.*

1090. *By the Chairman.*—Did you send a telegram to Mr. Urquhart on the morning of the 21st December, 1898? Yes.

1091. Was this it—“Have sent the following wire to the Premier :—‘Government nominees Strahan Marine Board officially instructed to vote for Miles as Master Warden. Consider this unfair. The Government influencing the election to-day.’”? Yes.

1092. How did you obtain the information in your telegram of 21st December, 9.32 A.M.—where did you receive the information that the Premier had sent any wires to Wardens Hall and Hales? I had no direct information that the Premier had sent any wires, but I imagined so by one of the members of the Board whom I expected to support me saying the night before the election that he could not vote for me. I wanted to know why: he would not tell me straight out, and went on to say he was not as independent as some men. When we saw that, my party came to the conclusion that he had instructions from headquarters, and that such instructions had been sent to the Government nominees, and we decided to wire next morning to the Premier and to Mr. Urquhart. I had every reason to believe, from what Warden Hales told me the night before, that somebody had caused him to vote differently from the way in which he had promised to vote. I had looked upon Warden Hales’ vote as pretty safe. I heard, through Warden Sligo, that he would not come as one of my supporters the night before. He said if we would not support Morrisby they would put Captain Miles in, and a friend of mine said he was sure there was something up with one of the men who had promised to support me. From what I gathered from Warden Hales I was led to believe that he had instructions from some one, and we concluded it was the Premier, and decided to wire in the morning.

1093. Did Mr. Ernst ever mention anything to you about the telegrams from the Premier to Wardens Hall and Hales? He was like one of ourselves. He came to the conclusion that the Government had interfered with the nominees; in fact, it was he persuaded me to send the wires I did to the Premier and Attorney-General.

1094. Did you state distinctly in your telegram that the Government nominees received official instructions? Yes; I sent on the wire in the morning, and we received a reply from Mr. Urquhart and the Premier.

Witness withdrew.

ARCHIBALD DOUGLAS SLIGO, *re-called and examined.*

1095. *By the Chairman.*—Referring to the first calling for tenders for the West Breakwater, you are aware that Hungerford & Son were the lowest tenderers? Yes.

1096. Do you know of any action on the part of the Master Warden in reference to the treatment of that tender that needs investigation by the Committee? Well, I don’t know that there is, under the circumstances. There seems to have been a considerable mistake made in the first instance. The whole business connected with the specifications was rushed through too hurriedly, and eventually there were clauses in the specifications that were never approved of by Mr. Napier Bell, or by the solicitors.

1097. *By Mr. Mulcahy.*—Mr. Napier Bell drew up the original specifications, did he not? Yes; but from a legal point of view the solicitors should have been consulted in the first instance.

1098. Do you consider the interpretation clauses proposed to be put upon the first specification were improvements? I am not altogether prepared to answer that—I do not profess to great engineering knowledge.

1099. Then, you are unable to say whether the amended specifications on which the second tenders were called for are improvements on the first specifications or not? I certainly think they were improvements on the first specifications, as far as protection to the Board was concerned; but I also certainly think that someone was very much to blame that the specifications were not laid down in a proper manner in the first instance. The whole responsibility, I think, should have been placed on the shoulders of Mr. Napier Bell, our consulting engineer. The members of the Board, as laymen, had no right to interfere with him.

1100. Was the Board going beyond its functions in attempting to improve upon or interpret those specifications? In certain respects. The interpretations were not placed before the whole Board before they were really sent forward.

1101. Sent forward to whom? To the various contractors.

1102. Were they sent to the other contractors besides Hungerford & Son? Yes; I heard they were sent to all the other contractors. I may as well point out here that I was away on business, in Melbourne, during the time the special meetings were held, so I cannot speak authoritatively in regard to the matter.

1103. You were present at the meeting on March 20th? Yes, I was present.

1104. What were the chief meetings you were not present at? I was not at several special meetings which were held while I was away in Melbourne. I missed all the meetings between March 20th and June 12th.

1105. *By Mr. Mackenzie.*—Who suggested the alterations in the specification? I believe the suggestions emanated from Mr. Barrowman, who took exception to certain points in the specifications in regard to the size of stone.

1106. If any mistake had been made in the drawing up of the specifications, do you think the Board should have called attention to the mistake, or let it go? Well, I certainly think it was desirable we should be present, so as to offer possible suggestions. A great mistake was certainly made in not consulting the solicitors in the first instance.

1107. You think that the altered specification is a protection to your Board? Certainly I do.

1108. Could the alterations be seen by any member of the Board? The specifications were in the office. Nothing was kept back.

1109. *By Mr. Morrisby.*—Did the Board depend upon Mr. Napier Bell, and decide to be guided by him entirely, in relation to the works at the Breakwater? Yes; it was decided we should lay all the responsibility on his shoulders in regard to the wording of the specification.

1110. If there was an apparent fault in the specifications, would not the Board look to Mr. Napier Bell? Yes, decidedly.

1111. Do you know if the amended specifications were put before the Board first, or were they put to Mr. Napier Bell before being put before the Board? No; I can't say I do. I was not present when the matter cropped up.

1112. Were the amended specifications put before the Board before Mr. Hungerford was asked to sign them? Not at any meeting I was at.

1113. Do you know if the Board was consulted at all before Mr. Hungerford was asked to sign them? At a Board meeting I don't recollect anything of the kind being brought up.

1114. Were not the amended specifications in the Board Office for any one to see? I can't say.

1115. You were not satisfied, were you, with the correspondence produced at the Board? No, I was not satisfied with the correspondence. There was a good deal of correspondence between the Master Warden and Mr. Napier Bell, of which there were no copies in the office for some time.

1116. Did you find that out of your own knowledge, or was your attention called to it by other members? I found it out by referring to the minutes of some of the Board meetings.

1117. Did any member of the Board call your attention to the correspondence? No, I can't say.

1118. Did Mr. Gaffney speak to you about it—he being a member of the Board? Oh, he has inquired at times, with other members, and stated that he was not satisfied with the correspondence being missing.

1119. Has he expressed himself dissatisfied on more than one occasion? Oh, yes.

1120. *By Mr. Mackenzie.*—Has this missing correspondence been before the Board since? Some correspondence has been placed before the Board, but I can't say whether the whole of it was.

1121. *By Captain Miles.*—Did the Board, at any meeting at which you were present, take exception in regard to the insertion of this new clause? No, not at any meeting at which I was present. I have missed several meetings, as you know.

JOHN BARROWMAN, *called and took statutory declaration.*

1122. *By the Chairman.*—Your name is John Barrowman? Yes.

1123. What position do you hold in the Strahan Marine Board? I am Inspector of Works.

1124. When were you appointed to that office? In March last.

1125. And when did you arrive at Strahan? At the end of March.

1126. You have had many years' experience of Harbour Works, I believe? About twenty-five years.

1127. That, of course, included looking through specifications and contracts? Yes.

1128. When were the tenders invited for the West Breakwater at Macquarie Harbour? They had been invited before I arrived.

1129. Of course you had not, prior to your arrival, seen the specifications? No; I saw them after I arrived, not before.

1130. Have you been present at the meetings of the Marine Board? At some of them.

1131. Were you present at the meeting of the Marine Board on 17th April, when the first tenders were received and opened? Yes.

1132. When did you first study the specifications? Just previous to the tenders coming in. I read over the specifications carefully just after my arrival, and I called the Master Warden's attention to what I thought weak points in the specifications.

1133. Was that before the first tenders were received and opened? Yes.

1134. Did you refer to that before or after the tenders had been received? After the tenders had been received. I have some notes the Master Warden told me I should draw up—something

to obviate the deficiencies, or what I thought was loose, in the specifications. I drew up what is contained, I think, in this paper.

1135. Are those the notes you drew up? Yes, I drew up this. (Hands paper.)

1136. This is what you call an interpretation clause? Yes; that is an interpretation clause, and fixes the rate of progress of the work.

1137. What did you particularly direct the Master Warden's attention to in reference to the specifications? I pointed out that a cavilling contractor might take shelter behind the wording of the specification, and claim to say what the requirements should be. He might say it was enough if he supplied over ten-ton stone, and might not provide for the production of heavier stones. I thought that would not serve the purpose of making a substantial wall. I drew up this interpretation clause with the mere purpose of explaining what should be expected from the contractors. Under the specification the first class stones must weigh from ten to twenty tons each. I pointed out the possibility of a contractor saying he had served that clause by producing stones of from ten to eleven tons, and my experience told me that that would not make a stable wall?

1138. And what happened then? Well, I proceeded to produce a copy of the explanatory clauses, which I have with me. The date on which I drew them was on 27th April.

1139. You refer to a memorandum you made at the time? Yes, made at the time.

1140. Have you those interpretation clauses,—do they tally with what you have here? Yes; they are an exact copy.

1141. What did you do with them when you drew them up? I gave them to the Master Warden.

1142. Did you see Mr. Hungerford afterwards in reference to the interpretation clauses? On one occasion, when I was in Sydney, he spoke of the Master Warden imposing these conditions on him. I told him it was not the Master Warden, it was me; that I had drawn up the explanatory clause. He seemed surprised. He had looked on the Master Warden as having drawn them up for the purpose of harassing him. I told him I drew them, but not to harass any person, but to protect myself, so that I could have power to make the wall substantial enough to hold against the sea.

1143. Do you consider these interpretation clauses vary the specifications on which the first tenders were based? I don't think they vary the specifications; I think they only explain them.

1144. When fresh tenders were called for had you examined the specifications before they were issued? Yes, when the new specifications were drawn up. I was with Mr. Napier Bell, and they were drawn up in such a manner as to meet the purpose of these clauses by a new arrangement of expression in the specifications.

1145. Did Mr. Napier Bell agree to the explanation of the specifications? At first he expressed approval, but after hearing the objections of Mr. Hungerford, he thought it was improper to meddle with the specifications after they had been advertised and tenders called for.

1146. When these interpretations were placed in the second specifications did Mr. Bell consider that the second specifications were improved? Yes. He saw there was a defect in the first specifications, in that it imposed stone varying from ten to twenty tons, with no fixed average size for first class stone. He then agreed to put in the new specifications such a classification of sizes as would ensure first class stone, and he put in the first class as from fifteen tons and upwards.

The Chairman here referred to the old and new specifications.

1147. *By Mr. Mulcahy.*—Was the matter of the alteration of the specifications brought formally before the Board to your knowledge? Not entirely, I think. Oh, they were before the Board. I brought them over printed from Sydney. Mr. Napier Bell was entrusted to shape the whole affair and bring it to a point.

1148. That was the first interpretation clauses? Yes. They were brought before the Board at one meeting; I did not notice the date; a resolution was passed approving of them, and imposing them upon the contractors.

1149. How long were you in Strahan before the first tenders were due? Well, I arrived in Strahan about the latter end of March, and on the 17th of April they were due.

1150. Was it before that date that you called the Master Warden's attention to the deficiency in the specifications? Yes, it was before that time, but I could not say how long. I was devoting my attention to reading the specifications and articles of contract, which were rather lengthy. At the first reading I did not notice the deficiency. It did not occur to me the difficulty I had saddled myself with, in another country—the difficulty I had with Wilkie & Co. They had a railway contract and cranes suitable to lift 30-ton stones. Then my memory carried me back to this, and I knew the contractors might put down insufficient plant to meet the requirements of the specification. Then the Master Warden told me I should draw up such an explanation of the clauses as I might require, and it could be put in the contract when the agreement was signed.

1151. Do you think intending contractors reading the specifications would not notice this deficiency in the specifications? Some might, and some might not.

1152. Do you think some who did might tender at a less price, in the belief that they might supply merely ten or eleven ton stone? I did not say that. That would be entering into a judgment of the contractor; but it would be an opportunity for an exacting contractor, if he desired, to take advantage of it.

1153. Do you think it likely that a contractor, looking at the specification, would look at it as if he got out ten or eleven ton stone it would be enough, and that he would tender at a lower figure

than he otherwise would have done? I don't think it would affect him to that extent; but some contractors would play upon it.

1154. In your opinion, would a shrewd contractor, seeing that weakness, be likely to put in a tender at a lower price? That is possible.

1155. Would it be fair to such a contractor to ask him, after he had put in his tender, to accept an amended interpretation or an amended specification? It would be fair, because I should think that he would be taking advantage of that weakness to entrap the Board; and it would be just as fair for the Board to exact its interpretation.

1156. Do you know anything of the firms that tendered? Yes; Mr. Hungerford I have known for twenty-three years.

1157. Is he a reliable man? Quite. He is an intensely good friend, but also intensely the other way. He can be very bitter.

1158. I don't mean it in that light. I mean are they reputable contractors; people who do their work well, and carry it out well? Oh, yes; I have done work for them about twenty-three years ago.

1159. Would you have confidence in them? I would have every confidence in Mr. Hungerford until I crossed him.

1160. Do you know the other firm of Derbidge & Co.? I have met Mr. Derbidge, and he was highly spoken of to me by Mr. Napier Bell, who asked me to see him as I came on, and I called on him at Lyttelton.

1161. Did Mr. Derbidge come over to see the work when tenders were called for? Not in my time.

1162. Did he come over or not? I am not aware.

1163. Was it your duty to show intending contractors over the work? Yes.

1164. Can you give us an idea as to who came and looked over the work? No. We gave them easy terms with the launches.

1165. What firms came to look over the ground? Most of the tenderers went over the ground; some of them did not.

1166. You don't know who represented Derbidge & Co. on the ground? No.

1167. Do you know who represented Stocks & Co.? No.

1168. Do you know anything of Stocks & Co.? Well, I heard from a man in Sydney that he was a reputable man, and that he had carried out large works under Langtree. Mr. Langtree told me that Stocks would have taken charge of the work had he got the job.

1169. You did not consider it was any unfairness to those who tendered on those specifications to amplify them as you did? No, I did not think it was an injustice.

1170. They would not be put to any bigger expense? No; stone properly quarried would be less expense; the only expense would be to provide plant to carry the bigger stones; that would be the entire cost to the contractor.

1171. If a contractor understood that he would not be bound to deal with heavier stone than, say, ten or eleven tons, and provided plant up to that, would you consider that enough? If he thought he had a right to do that I should say his judgment was strained, and that he did not take in the full meaning of the clause.

1172. Are there any other amendments in the interpretation clauses that would cause a contractor extra expense? Well, the modification in the rate of progress of the work. I thought there was a deficiency in the clause exacting certain progress from time to time. When Mr. Bell and I were in conference he pointed out that I had exacted in the new explanatory clause of the specification a bigger plant, larger rolling-stock, larger cranes, and had amplified the last power; he thought it would do no harm to put it in the second specification.

1173. I am dealing entirely with the first specification and the interpretation clause? Well, and I was explaining to you the bearing of the interpretation and its effect upon the first specification, and how it affected the second specification.

1174. Are you aware that young Miles is a member of the firm of Derbidge & Co.? I was told so on the night before the meeting.

1175. When was that? I forget. That was referred to at the meeting held next day; I don't remember the date or how long ago.

1176. You can't tell the meeting? No, I can't tell the meeting.

1177. Can you tell what happened or what was the occasion of this matter being mentioned? I can't tell you the whole of what occurred. Matters are sometimes considered in Committee, and when the Board is in Committee I have gone out.

1178. Can you remember anything that took place at that meeting? I could not distinguish that meeting without danger of mixing it up with some other meeting.

1179. Do you remember a special communication to the meeting with regard to this matter: was there a letter or a telegram? Yes, a telegram, I believe, came, but I was not interested in the telegram.

1180. Do you know anything about the financial position of Derbidge & Co.? No, I know nothing.

1181. He is a New Zealand man, is he not? Yes. He was lately, I believe, largely interested in carrying on works at Lyttelton, where Mr. Napier Bell was the engineer.

1182. *By Mr. Archer.*—Did the Master Warden at any time suggest to you an alteration in the specification? No; I suggested it to him. He saw it at once, and said it was necessary, and that it could be done when the agreement was being made between the Board and the contractors, and he urged me to draw up this interpretation clause.

1183. *By Mr. Mackenzie.*—You have had a deal of experience with contractors? Yes, a good deal.

1184. Has it ever happened that you have had to alter your specifications? I was telling you of the circumstances in connection with Wilkie Bros., of Western Australia. They had a contract at Westport, and we had a dispute on the reading of a clause like that. They said they were not entitled to put in more than the minimum size of stone. I said, "Well, you can do so if it will pay you to break up the stone." I looked at it that it would not pay to break it. The quarries were capable of producing big stone, and it would have cost more to put in small stone than large. The thing cured itself there. When I regarded this work I doubted whether a similar thing would cure itself here, especially when the contractor had to supply plant to work the contract.

1185. The old specification was made for from ten to twenty ton stone. You could not compel them to put in heavier stone if it was over ten tons? That is what I thought, and I think so yet; but the interpretation clause makes it clear.

1186. You consider the present interpretation or specification is a better one, and protects the interest of the Marine Board better? Yes, I think it is better, and not so complicated.

1187. Is there any reference in connection with calling for these tenders—that the Board can reject all tenders? That is a matter for them. It would be, I should say, right that the Board secures itself, and it does that when it says it is not necessary that any tender may be accepted. The words used are "The lowest or any tender may not necessarily be accepted."

1188. Do you know what the Board decided on as to calling for fresh tenders? They asked Mr. Napier Bell to ascertain or try and make an arrangement with Mr. Hungerford to carry on the contract, even at his own explanation of the first tender, but he did not accept right away. He delayed and wanted to go to Foster before he would do anything. Mr. Bell pushed him to terms. He communicated everything to me, and I was present when he received his telegrams and letters. He pushed Hungerford to come to terms, but he would not. Then, when Hungerford was made aware that new tenders would be called for on the new conditions, he seemed satisfied with it, and it occurred to me that he was anxious to protect his £200 deposit. What he was afraid of was that the next lowest tenderer would get the work.

1189. Do you know if he had the opportunity of tendering again under the new specifications? Oh, he did tender again.

1190. Then, he had the opportunity? Oh, yes.

1191. And all the others had the opportunity? Oh, yes; I left him the specification for the purpose of his tendering on it.

1192. Then, he was not treated unfairly when the Board decided to ask for new tenders? I don't think so.

1193. *By Mr. Morrisby.*—You say you drew up these explanatory clauses on the 27th April? Yes.

1194. Are you aware that at that time Hungerford and Co.'s tender was accepted by the Board? I am not aware of that. I know this much, that the Master Warden was waiting until I had completed this.

1195. Are you aware whether these amended specifications were placed before the Board before Hungerford refused to sign the contract or after? I am certain it was before Hungerford refused to sign, because it was this amended specification that he refused to sign upon.

1196. Were these amended specifications put before the Board before Hungerford had seen them? No, sir, I don't know that, but I know the Board resolved upon them. I don't know whether it was the Master Warden or the Board's act that he refused to sign upon.

1197. Do you know whether the Board accepted those amended specifications conditionally that Mr. Napier Bell approved of them? I don't know that. I know the Board resolved on imposing them on the contractor.

1198. Conditionally that Mr. Bell approved? I am not sure of that.

1199. Are you aware that Mr. Napier Bell has since written to the Board and stated that he was satisfied with the old specifications? No. You see very much more of the correspondence than I ever see.

1200. Has he said, in a letter to the Board, that he considers to impose such conditions as in the amended specifications would be unjust and unfair to the contractors? I know this much, that he approved to me of the work I had done.

(The Chairman here read the telegram from the Master Warden to Mr. Hungerford as to tender:—"The Board will accept your tender conditionally upon your executing the conditions of contract now being prepared by the solicitors, and your depositing £1200 as security for carrying out the contract.")

Mr. Barrowman withdrew.

FRIDAY, 1ST SEPTEMBER, 1899.

EDWARD LARET HALL, *recalled and examined.*

1201. *By the Chairman.*—Mr. Hall, we have called upon you this morning to ask you for all the information you can give us with reference to the calling for the first tenders, and respecting the consideration of those, and the alterations and interpretations proposed to be made in the specifications. You are aware that a certain form of specification was drawn up when the first tenders were invited? Yes.

1202. And you are also aware that certain alterations or interpretations were proposed to be made in that specification? Yes, I am aware.

1203. Were these alterations or interpretations made with your approval? Later on, when I became aware of them, I approved of them.

1204. Did you consider that they made the specification clearer, or that they amended the specification? I thought that they amended the specification. I considered that they added new terms to the contract or to the original specifications and conditions.

1205. Are you aware at whose suggestion these alterations were made? I don't know who originally suggested them. It was the Master Warden who brought them before the Board.

1206. Did the Board approve of them? Yes.

1207. When did you become aware that Captain Miles's son was interested in the firm of Derbidge & Co.? Well, I became aware of the rumour very soon after Mr. Hungerford refused to accept the contract. I could not give the date. I don't remember who told me of it or the date that I heard it. It was very soon after we knew that Mr. Hungerford would not take the contract with the so-called interpretation clauses added.

1208. The question then arose as to whether new tenders should be advertised for, or whether new tenders should be called for only from the original tenderers? Yes.

1209. What was your opinion on that matter—what course did you adopt as a Warden? I advocated open tendering the second time.

1210. And the Wardens finally agreed to submit them to the original tenderers, to ask for tenders only from former tenderers? Well, that was done in this way—the Master Warden was in Hobart, and he wired to all the Wardens for their opinion. He received replies, and acted on what he thought was the consensus of opinion, which was in favour of confining the new tenders to the original tenderers.

1211. Did he wire to you? Yes.

1212. What did you reply? I replied that I would consent to the proposal in regard to the former tenderers, but that I thought an advertisement should be inserted in the papers as well. I understood his wire was that he proposed to ask the old tenderers to tender again, and he was going to post to them the new conditions, and he wanted to know if that met with my approval. I said yes, it did, but in addition I thought that tenders should be called for openly in the newspapers as well.

1213. Then the second tenders were received by the Board? Yes.

1214. Were you present at the meeting when they were opened? Yes.

1215. Will you tell the Committee what transpired? Well, when I arrived at the Board meeting there were a certain number of tenders, no one knew how many, in a locked box. The Master Warden had one or two tenders in his hand. He told the Board that they were tenders that came late. I am not quite clear if there was one or two. He left it to the Board to say whether they should be received or not. By motion the Board decided to receive what tenders there were. There was a tender which had not been received at all. Before I mention that, I may say that the running of the steam-boats between Melbourne and the Coast had been irregular. The tender was said to be posted in Melbourne, and we had a cable to that effect. It should have reached the Board on the Saturday or the Monday, but it was not in. A question arose as to whether we should take any cognisance of it at all, or ignore it. Finally we decided to wire to Melbourne to the tenderer, and tell him that if he wired his price over before 3 o'clock the Board would consider his tender as in. The Board did some other business, and then adjourned until 3 o'clock. In the meantime information as to that tender had come over, and when the Board met the box was opened. Then the question was raised as to whether the tenders of any outside persons should be received at all, and a conversational discussion ensued amongst the members of the Board. The one tender referred to was that of Mr. W. Duffy, and then it was moved that Mr. Duffy's tender be received.

1216. Was his a late one? Yes, it was late, and he was not one of the original tenderers [Witness referred to the minute book]. Two tenders, those of Hungerford & Co. and W. Duffy and Co., had been handed in after 10 A.M.

1217. Who was it that wired from Melbourne? Davies & Flight, Victoria. It was decided by the Board to receive the two late tenders.

1218. All the tenders, then, were opened? Yes.

1219. Was Mr. Hungerford in Strahan at this time? Yes.

1220. Did he attend the Board meeting? Yes; it was at my suggestion, or I raised the question, and it was decided that he should be invited to come into the Board meeting.

1221. *By Mr. Mulcahy.*—Were the tenders opened in the presence of the contractors? No; I think the Board went into Committee and opened them.

1222. *By the Chairman.*—Was Mr. Hungerford then called in? Yes, after the tenders were opened.

1223. Were the others called in? No; we only wanted to question him as to his original tender.

1224. Then, what happened in the interview between Mr. Hungerford and the Board? He was called in and questioned by the Chairman as to whether he was prepared to go on with his original tender, and he—well, at first he would not give any straight-out answer; the question was pressed upon him, and finally he said he spoke for himself, but he could not speak for his partners. At last he said he was willing to rest on his second tender called in. The Chairman asked him if he would accept and sign the original contract, but he replied he did not want to bother any more about that, but was willing to abide by the price now tendered. Practically, he refused to take up the original tender.

1225. Was that on the interpretation or amended clause? No; that was on the original clauses; he was asked to take up the thing exactly as he had tendered in the first instance.

1226. Was that without the amended clauses? Yes, without the amended clauses.

1227. Was any tender then accepted? No.

1228. Did Mr. Hungerford raise any claim for loss of time, or other question, owing to the first tender not being accepted? Something was said about claiming for loss of time. I am uncertain whether a claim was made by him, or whether it was merely a conversation between members of the Board. About the claim he made to Mr. Napier Bell—telegrams were before the Board. Mr. Hungerford said something about expenses, but was told the Board would not consider the matter, or he could deal with them afterwards, or separately. No claim was considered, either in his presence or in discussion by the Board alone.

1229. *By Mr. Mulcahy.*—You say you approved of the interpretation clause and the added new terms to the contract. Did you consider, as a Warden of the Marine Board, that it was fair towards Mr. Hungerford? I considered it was absolutely necessary for the Board to do so, and a motion is in my name that no tender should be accepted without this clause. I understood that Mr. Napier Bell expected to get stones of 18 or 20 tons weight in the outside work of the Breakwater. Without that the work would be useless, and so much money thrown away. The specification did not make it clear on this point, and if a contractor was getting 11-ton stones he might say he was carrying out the specification. We were faced with this difficulty: either the contract must go on on the original conditions, and we throw away the money spent there, or the amended clause be adopted.

1230. What I want to know is this:—In your opinion was it fair to ask the contractor, at the same price, to agree to the added terms of the contract? Well, the question resolved itself into this, whether we had accepted the tender or not. If we had not accepted the tender, then we could tell Mr. Hungerford we were not satisfied with the terms and conditions. We could have said, "You can have the contract with certain added terms, or you need not have it at all."

1231. In any case, when Mr. Hungerford, at the meeting of July 31st, declined to take up the tender on the original specifications, did you consider that he condoned anything that he considered was unfair before? At that meeting he was asked if he agreed to take up the contract under the old specifications, and declined.

1232. Do you consider, then, that by refusing to take it up he condoned anything he had said about the action of the Board, that is, when he decided to stand on his second tender? I can't say. He was considerably under the next lowest tender. It may have been that he made a mistake, and was glad to get out of the old tender. In that case the question of condoning anything would not arise at all.

1233. But you know that he had said he would charge the Board with loss for unnecessary expenses on his first tender? No, I was not aware.

1234. Were you not aware that Mr. Hungerford considered he was unfairly treated, and that he was dissatisfied? Yes; I was aware he thought his treatment by the Board unfair.

1235. What is your opinion with regard to his refusal to take up the contract under the old tender—when he had given it up, did he not by that withdraw any charge of unfairness either against the Master Warden or the Board? I cannot see how the question should arise. The contract was offered to him on the original conditions, and he was not prepared to accept it. It might have been in the first instance, when he was telegraphed to that his contract was accepted on certain conditions. After the interpretation clauses were insisted on we decided not to forfeit the deposit, and he could withdraw. He would be in the position he was originally.

1236. *By Mr. Archer.*—Do you remember who was present when the suggested interpretation clauses were before the Board? I can't remember; the minutes would tell. It was a special meeting of the Board. At the earlier meetings we had very full attendances of the Board. At the ordinary meeting, on 15th May, eight members were present.

1237. Who were present? The Master Warden. That was on the 15th May, not the 11th May. I think they were supplied with the new interpretation clauses. There were nine members present then. Warden Sligo was the absent one.

1238. Was the Board unanimous in agreeing to the alterations? Oh, I think so. We had a telegram from Mr. Napier Bell, and we rested solely on his advice. No one present very strongly advanced any opinion. The expression by the Board was practically unanimous.

1239. Did the Master Warden show by his action, on that or any other occasion, any desire to do other than to protect the interests of the Marine Board? I can't say that he did. We were all in the same position, and we only insisted upon the clauses in the interests of the Board. If we had thought the Board fully protected in the original specifications we certainly would not have added anything to cause a disagreement with Mr. Hungerford.

1240. *By Mr. Mackenzie.*—Was it while you were considering the tenders that you discovered the flaw in the specifications? I knew nothing about this interpretation clause or its insertion, until I received a notice of this meeting of 11th May.

1241. Was that meeting called to consider the tenders? No; the tenders were considered previously. The tenders were received on the 17th April.

1242. At that time was Mr. Hungerford's tender accepted? I was not present when the tenders were dealt with at that meeting.

1243. When you decided to give the tenderers another opportunity of tendering, whose duty was it to intimate to them that they had another chance of tendering, or that they were asked to tender again? Oh, the executive officers of the Board would do that, either the Master Warden or the Secretary. The Master Warden could do it himself or depute it to the officers.

1244. Was ample time given between the time you called for fresh tenders and the time you considered them for those living at a distance to send in their tenders? Do you mean the original tenderers?

1245. Yes—I mean as to those who would be likely to tender? I thought it was ample time.

1246. During the time between the first and second tenders, was Mr. Hungerford residing at Strahan, or was he residing on the West Coast? He was not residing there—he might have been there on a visit. I never had any conversation with him, and never saw him until the time I told you of: he was present at Strahan in April, but I did not see him, and did not know him.

1247. You say his tender came in late because he was not there? I don't say his tender was sent in late—the Master Warden told us that it was. When I arrived at the meeting the Master Warden told us that the tenders of Mr. W. Duffy and Mr. Hungerford had arrived late.

1248. And the Board decided to receive these two, and the one that came in after? Yes, the one that came by wire.

1249. Do you think there was anything unfair in giving these tenderers an opportunity of sending in fresh tenders? No. Of course in a matter of that kind I am inexperienced. It occurred to me it would be better to throw it open to the world. I was talking to an architect, and he told me it was usual to invite tenders in such cases in the building trade only from the original tenderers. It was just my opinion that it would be better to advertise openly. I am not aware whether there is any such practice or not.

1250. I think you said that Mr. Hungerford had the option of going on with the work under the first tender and the first conditions? Yes, he had his opportunity. He was offered the opportunity, first by Mr. Napier Bell, in Sydney, and then by the Board at Strahan.

1251. Did you hear him decline? Yes, he used words which I took to be a refusal.

1252. You think the amended conditions were of benefit to the Board? Yes; that was the whole object of the altered conditions.

1253. *By Mr. Propsting.*—When were the original tenders called for, and when were they received? Some time about the date of this meeting.

1254. How many tenders were received? Twelve; that I find in the minutes.

1255. And the lowest was Mr. Hungerford's? Yes.

1256. How much lower was he than the next tenderers, Stocks and Co.? About £6000, or thereabouts.

1257. Stocks & Co. withdrew their tender? Yes.

1258. Who was the next? The next would be Derbidge & Co.

1259. How much lower was Hugerford than Derbidge? Hungerford was £10,200 lower.

1260. When did you hear first of the proposed modification of the specifications? Three or four days before the 11th of May.

1261. From whom did you hear it? I knew it by a notice I received.

1262. Did that notice state all the proposed alterations? I don't remember now. I don't remember if I first saw the clauses when I attended the Board meeting, or at the time I received the notice.

1263. Was that the meeting of the 11th May? Yes, I imagine it was that.

1264. Was Mr. Barrowman present? Yes, I think he was; at all events he had come up from New Zealand.

1265. Do you remember if he recommended the alterations to the Board? I think he was referred to, not as to whether he recommended those particular clauses, but as to whether Mr. Napier Bell's desire was to get a heavier class of stone than the original specification seemed to provide for.

1266. And what did he say? He led me to understand that Mr. Napier Bell did desire it, and that was the Master Warden's opinion also.

1267. After it had been determined to make an alteration in the specification, what was then proposed? It was resolved that Mr. Hungerford was to be allowed the opportunity of taking up the contract with those clauses added.

1268. Did Mr. Hungerford then come to the meeting? Oh, at that time he was either in Hobart or Sydney, I think.

1269. Has any tender ever been accepted? I don't know—that is the point. I have great doubt about it in my mind whether the wire sent to Hungerford amounted to an acceptance of the tender or not. I am to see the Solicitor-General in conference with Mr. Perkins on the subject to-day. Bar that, and putting that aside, no tender was accepted.

1270. Was that telegram to Mr. Bell sent by the Board, or by direction of the Board? I was not present at the meeting where it was authorised. I can only go by the minutes as to what took place. The telegram is noted as sent, and the meeting adjourned to admit it to be done. On resumption, a telegram was read from Stocks & Co., stating that, owing to a mistake in the figures as supplied to tenderers, they should either withdraw or amend their tender, and Stocks & Co.'s tender was considered as withdrawn. That is all about the tenders.

1271. Well, it is stated that the Master Warden added those additional clauses to the specification without consulting the Board; is that so? I can't say what the Master Warden may have communicated to Mr. Hungerford, but these amended specifications were not put before the Board till the meeting on 11th May. It would be the 17th April when the tenders were put in. The Board was not consulted until the 11th May; that is according to the entries in the minutes.

1272. Have you any knowledge as to when Hungerford received intimation that these clauses should be added? No, I can't say. The correspondence book might show.

1273. Did Mr. Hungerford at the Board meeting protest against the modification of the original specifications? No, he did not. He would have no opportunity. He was offered the contract on the original conditions.

1274. *By Mr. Mulcahy.*—Before that? He was not present at any Board meeting before that.

1275. Did he do it by wire, then? If he did not, his solicitors did; it is the same thing.

1276. *By Mr. Propsting.*—Regarding this particular one about the effective weight of stone? Yes.

1277. Is it the case that the Master Warden recommended, in the event of Mr. Hungerford not signing the contract, that the Board should accept Derbidge & Co.'s tender? Yes.

1278. Were you aware at that time that Captain Miles's son was a member of the firm of Derbidge and Co.? I was aware of it while the question as to whether we should accept Derbidge and Co.'s tender was under discussion. I knew then that his son was a member of the firm of Derbidge & Co. Whether he recommended the tender before I knew I don't know. I think I knew before he made any recommendation. I think before we knew that Mr. Hungerford would not sign the contract it was remarked that Captain Miles's son was a member of the firm.

1279. Were you ever told so by Captain Miles? No, not till it was mentioned in a letter to the Board.

1280. About how long ago? It would be about May or June.

1281. Is it official information which the Board received that Captain Miles's son was a member of the firm? Yes, I think it is.

1282. Was the correspondence between the Master Warden and Mr. Napier Bell *re* the modification of the specification official? It was supposed to be.

1283. In regard to that correspondence, did it take place without the Board being consulted? Yes; the Board was not told of it until after the letters had been written.

1284. Has that correspondence ever been brought before the Board? I have never seen it. At the last meeting but one, some letters which the Master Warden had written from Hobart were put on the table, but I can't say what they were.

1285. What was the date of the last meeting but one? I think it was the third Monday in August. I remember I had to go to Queenstown again. My business at Queenstown often interfered with my attendances at the Board meetings, especially in the afternoon. The third Monday in August, I think, was the date.

1286. Then it was not until the third Monday in August that the correspondence between the Master Warden and Mr. Napier Bell was laid on the table of the Board-room? I can't say that. I can say that letters written by the Master Warden to Mr. Napier Bell were laid on the table on that day. I did not peruse them, and I can't say what they contain. I can't say for certain that the letters were not presented earlier. They were put away amongst the records of the Board, and not produced to me.

1287. Have you seen, at any time, any written communication from Mr. Napier Bell, consenting to these alterations? I saw a copy of a telegram from Mr. Napier Bell, approving of them. It was either to the Master Warden or the Board. It was when the Board so generally insisted on the clauses going in. We thought we were not justified in doing anything without his authority, and we were not going to act contrary to it.

1288. Can you say whether a majority of the Wardens consented to fresh tenders being invited only from the original tenderers? The majority did not consent, from what some of them told me afterwards. Two of the Wardens sent telegrams, which were considered as misleading. There were, I believe, no expressions of dissent. I should say the majority had not consented.

1289. The majority wanted fresh tenders to be advertised for? These two telegrams received gave no expression of opinion at all. To my mind they were evasive telegrams, and from what

the Wardens told me, they were intended to be evasive telegrams. The two Wardens did not wish to commit themselves to any opinion without consulting the other members of the Board.

1290. Would it be correct then to say the majority of the Wardens agreed to the fresh tenders being limited to the original tenderers? I don't think so. It is a question of what interpretation you would put on the telegrams. This Committee is just as competent to interpret them as I am.

1291. Can you give any reason why the matter was not decided in a Board meeting? Well, we held many Board meetings, and the members expressed dissatisfaction at being summoned so often. With the correspondence it was hardly necessary to summon Board meetings. If the Master Warden was quite justified in collecting the opinions of the Wardens by telegram it was not necessary to call a Board meeting.

1292. *By Mr. Mulcahy.*—Can you tell the Committee whether or not the Wardens knew at this time that Captain Miles's son was a member of the firm of Derbidge & Co.? It was mentioned, and, I think, was discussed. At all events, it was remarked that it was so. I don't think that anyone was in doubt of it at that time.

1293. What object was there in Captain Miles informing the Board that his son was a member of the firm of Derbidge & Co.? That is his matter.

1294. Did the Board ask him? Not so far as I know. His words were, that in order that there might be no doubt as to the members of the firm he would give their names.

1295. Did you ever hear of any correspondence, or of a letter from Mr. Napier Bell, wherein it was stated that the alteration in the specification would increase the cost of the work to the contractors and estimating the increase at £7000? I don't know what the increased cost was, but I saw a letter in which it was said that it would increase the cost.

1296. Did Mr. Napier Bell in any letter state that it would be unjust and unfair to the contractor to make the alteration, and that he would be a fool to sign the contract? I can't say that he used such strong expressions; but it was something to that effect.

1297. I ask why the option was given by the Board to Mr. Hungerford to take up his tender on the original terms after the point discovered by Mr. Barrowman and the Master Warden that the Board would only be protected by the new interpretation clauses, and when he had made up his mind to tender under the new interpretation clauses? The question was put on the advice of the Master Warden and Mr. Barrowman. Mr. Bell had said the original conditions were sufficient to protect the Board, and some of the members were not satisfied that Mr. Hungerford had ever refused the original tender on the original conditions. We did not want to have any litigation against the Board, and we were willing to give Mr. Hungerford the opportunity of taking up his tender on the original conditions to avoid that. It was to avoid litigation, and on Mr. Bell's advice.

1298. Then Mr. Hungerford refused or declined to take up his tender on the original conditions, and decided to abide by the decision of the Board on the new tenders? Yes.

1299. *By Mr. Mackenzie.*—You say that the majority of the Wardens did not approve of the second tenders allowing the original tenderers only to tender on the second occasion? Oh, I should like the Committee to decide that from two telegrams. There were two telegrams from Wardens Robertson and S. Gaffney. They said that they did not consent. If the Master Warden's telegram to them is read with their answer it will be seen that they did not give a direct answer to his question.

1300. When considering the second tenders, was any objection made to the Master Warden calling for second tenders? I don't remember that there was.

1301. When you were considering the second tenders, was any objection made at all to the action of the Master Warden? There was no formal objection made; there might have been conversation at the meeting; some may have said that it might have been better if the Board had been consulted. I don't think there was any formal objection.

(The Chairman read a letter from the Master Warden, dated 25th May, 1899, addressed to the Wardens Marine Board, Strahan. See Appendix.)

Examination continued:—

1302. *By the Chairman.*—Was this letter read to the Board? Yes.

1303. *By Mr. Morrisby.*—In regard to that letter, was that the first intimation the Board had in writing that Leslie Miles was a member of the firm of Derbidge & Co.? That was the first intimation which the Board, as a Board, had.

1304. Was that the first intimation in writing? Yes, to the Board as a Board.

1305. Do you remember the Board sitting in Committee when it had a letter from Mr. Napier Bell, in which it was stated that Leslie Miles was a member of the firm of Derbidge & Co. previous to the letter now read? I can't say whether it was previous to or after this letter. I don't know whether you mean that to contradict me. This was the first intimation—the first intimation officially made. I had a private letter from a friend very early in the difficulties that arose, telling me that the Master Warden's son Leslie was a member of the firm, but the letter now read was the first intimation that the Board had as a Board.

1306. Was the letter from Mr. Napier Bell to Mr. Barrowman, and the letter of the Master Warden read to the Board in Committee? I don't know. I should imagine that letter came first—I remember that letter being read, but I can't fix the date—I should think it was after that for this reason, that the letter was produced to us because we had some doubts as to what Mr. Napier Bell really considered about the contract. That letter to Mr. Barrowman was read to the

Board to confirm the idea that Mr. Napier Bell thought the original conditions sufficient to protect the Board.

1307. Was that letter an outcome of previous letters? I can't say. It was taken to be so by the members, before that letter was read to the Board.

1308. You remember when tenders were received on April 17th? I was not present at the meeting.

1309. You were under the impression that Hungerford's tender was accepted? Till the alterations by the Board to the conditions I thought the Board were committed to Hungerford and Co.

1310. I believe the explanatory clauses were enclosed with the notices of the meeting of 11th May? I am not sure, but I believe they were.

1311. Was that the first intimation you had as a member of the Board as to the explanatory clauses? Yes it was the first to all the members.

1312. And you were under the impression that Hungerford's tender was accepted? I was not aware that notice of acceptance had been sent to him. I thought it would be sent on to Mr. Napier Bell for his perusal, and that whatever he advised the Board would do.

1313. You knew it was sent on to Mr. Napier Bell? Yes.

1314. Do you remember the 11th May, when the Board referred to the explanatory clauses: do you remember a telegram being read from Mr. Napier Bell? Yes; it was read and put before the meeting.

1315. Do you remember me as a member of the Board asking as to the telegram, and getting no reply? No, I don't.

1316. Do you remember the Master Warden stating that day that Mr. Hungerford had refused to sign the contract, or objected to sign the explanatory clauses in connection with the specification, without going to Sydney to consult his sons? Yes.

1317. And that ten days had been allowed him to proceed to Sydney to consult? Yes.

1318. Do you remember the Master Warden recommending that Derbidge & Co's. tender be accepted in the event of Hungerford not signing? I can't say I recollect that as occurring at that time. That was his advice, given either at that meeting, or afterwards. He did say something of the kind to the meeting.

1319. Do you remember that the meeting, in relation to the explanatory clauses, resolved that nothing further could be done in the matter until they had an expression of opinion from Mr. Napier Bell? I don't remember.

1320. The minutes will refresh your memory, perhaps,—was that not done at some other meeting? What was your question?

1321. Did not the meeting pass a resolution that no further steps be taken in the matter of the explanatory clauses till the Board had communicated with Mr. Napier Bell, and received his reply? I don't think that is in this minute. The Master Warden stated that Mr. Hungerford had objected to the clauses; and a copy of the clauses was ordered to be sent to Mr. Napier Bell, with a request that he would answer by wire. Answer not to hand. That was decided on the motion of Warden Driffeld. That was all.

1322. There was a resolution moved by myself, and acted on? Then it is not noted in the minutes.

1323. The Board generally approved of the explanatory clauses if Mr. Bell approved? Yes. At the next meeting we had a telegram from Mr. Bell, I believe, and the Board approved by his advice.

1324. Do you believe Mr. Hungerford was willing to sign the old specification? Do you mean at that time?

1325. Yes? There was nothing to show that he was not.

1326. Did not the Master Warden say that he was willing? I can't remember. The Board had nothing to show that he was not willing.

1327. In the discussion on the explanatory clauses, did you not say, as a member of the Board and a legal man, that you gave it as your opinion, that the addition of clauses to the original specification made by the Board would be a breach of contract, and that Hungerford would have a claim against the Board? Not a breach. There was nothing to make a breach, if there was no concluded agreement between Hungerford and the Board, that we knew of. No doubt there was an alteration of the original contract that Hungerford would not be bound to carry out, and that would give him an opportunity of refusing to sign the specifications as altered.

1328. Did you not say that if Hungerford did not carry out the contract he would have a claim against the Board? That is if the Board accepted his tender.

1329. But you thought they had accepted his tender? They had doubts about it. Up to to-day I am not satisfied that the Board had actually accepted a tender; there are so many fine legal points about it that even Mr. Perkins and the Solicitor-General have not definitely made up their minds upon the point.

1330. Did you not give a distinct opinion on that day that Hungerford would have a claim against the Board? Assuming that the Board had accepted his contract, and that then the Board had imposed new terms on him,—naturally, in that case, he would have a claim against the Board. But I am not sure the contract was accepted.

1331. From the correspondence that came to hand after that, did you gather that Mr. Bell was not apprised of the new clauses, that he was under the impression that the explanatory clauses had been inserted in the original specifications before the tenders were received? I gave him credit for knowing what, practically, I knew myself, that he was advised as to the exact position of these tenders.

1332. Are you aware that he was under that impression? Oh yes, since then. I think it was stated in the letter to Mr. Barrowman.

1333. He then amended the specifications, and did all correctly before the new tenders were called for? Yes.

1334. Did he say in a subsequent letter that the specification was unjust and unfair to Mr. Hungerford, and that he would be a fool to sign it? I am not sure of the words, the letter will speak for itself. I thought it was in the letter to Mr. Barrowman.

1335. It is in a long letter addressed to the Board? I thought it was in Mr. Barrowman's letter.

1336. Have you been altogether satisfied, Mr. Hall, with the way in which the business was transacted? No; I have been dissatisfied several times.

1337. Have you ever expressed yourself on what is called the tangle with Hungerford? Yes.

1338. What was your expression of opinion? I blamed Mr. Napier Bell for it.

1339. Did you not blame someone else? No. I have always said Mr. Napier Bell's omission was the cause of all the trouble.

1340. Do you not remember telling me in the train that you blamed Captain Miles for the whole bungle? No; I don't remember that. I always blamed Mr. Napier Bell. I thought he was responsible, and the Master Warden, in bringing it before the Board, was entirely justified.

1341. Think if you did not make that remark to me? I don't remember making that remark.

1342. *By Captain Miles.*—Do you remember being at a Board meeting when this telegram was read from Mr. Napier Bell, dated 11th May: "Chairman of Marine Board. Your interpretation clauses most suitable. Regret extended Hungerford's time. Wired you this morning respecting Derbidge & Co.?" Yes.

1343. "Regret you extended Hungerford's time,"—what does that refer to? To the ten days which you, as Master Warden, allowed him to consult his partners.

1344. Do you remember a telegram I sent from Hobart to the Board at that period. I don't remember it now?

1345. Well, I sent this telegram from Hobart to the Board on 5th May: "Hungerford takes exception to clause providing for averaging the weight of stones in each class, and desires an additional ten days' time so that he can consult his sons in Sydney before signing. Have given him copy of clause and consented to extensions of time. Have also written Bell, and sent him a copy of clause. Please notify Wardens my action." You got a copy of that telegram? I think so; there were a number of telegrams.

1346. That is from me to the Secretary of the Board, and I ask him to "notify my act." That deals with the alteration provided in the weight of stone. Is that the first time you heard of the average weight of stone being altered? I am in Hobart, referring to the new clauses and referring to the weight of stone—this is on the 5th May. Was that the first time you heard of it? When I came down to the special meeting to consider the clauses, I simply knew they were received; I did not know under what circumstances, or anything more about them.

1347. It has been stated that the Wardens did not know of these clauses until the 11th of May? I got notice of them three or four days before the 11th of May. I know I was apprised of them then.

1348. Then, you knew there were some special clauses inserted in the contract, or about to be inserted, from the telegram? Yes; if I received that telegram I certainly would know then.

1349. I see by a copy in the books that on the 5th May my telegram to the Secretary was handed round. There is a letter addressed to "E. L. Hall, Esq. Herewith I forward copy of a telegram received from the Master Warden in Hobart. Yours truly, A. G. Prater, Secretary." "Copy.—Hungerford takes exception to clauses providing for the average weight of stone and other clauses. Desires additional ten days' time consult his sons in Sydney. Given him copy of clauses, and also agree extension of time"—that copy was sent you on the 5th May, and the book contains a copy of the same telegram as sent to every Warden of the Board, sent by the Secretary so as to clearly notify you of it? Yes, I don't doubt I received the telegram.

1350. There is another telegram from the Master Warden, Hobart, to the Secretary at Strahan: "Hungerford refuses to sign the contract if interpretation clauses are added. Tenders deposit and claims that we have accepted contract—In my opinion, is only bluffing—I am refusing the deposit unless he complies with your conditions—Approve Board's decision to call for fresh tenders on conditions now named—Time for Tenders should be limited to One month." Did you get a copy of this on 12th of May? I am not certain. I think I have got a copy of it—I remember the telegram being read at the meeting.

1351. There was a special meeting called for 11th May to consider the interpretation clauses? Yes.

1352. And at that meeting on 11th May, the interpretation clauses were approved? Yes.

1353. And the minutes of that meeting were confirmed at a meeting held four days later, at which Warden Morrisby was present, and signed the minute book in the absence of the Master Warden? Yes.

1354. I think you were present? Yes.

1355. Did Warden Morrisby or any other Warden then make any protest about the interpretation clauses? I don't remember any.

1356. At the Board meeting? There is a minute here that no steps should be taken in reference to the clauses, unless approved by the meeting, but no one dissented.

1357. Would you say that any action of the Master Warden between Board meetings, that was brought up at the next meeting of the Board and approved, would you say that was not the action of the Board? It would become their action by adoption.

1358. If it did not disapprove, then that would express approval? It would, indirectly.

1359. Do you remember how Mr. Hungerford's tender was accepted? By telegram to the effect "Your tender will be accepted on your signing the conditions of contract being prepared by the solicitors, and paying the deposit."

1360. Do you remember if the Board sent that as a Board, or was it sent by the Master Warden? I don't remember that, I was not present.

1361. The meeting was held on the 17th April? I was not present.

1362. The Board decided, I believe, to send on to Mr. Napier Bell the four lowest tenders for his decision. Mr. Bell replied, "Accept the lowest tender," or words to that effect. As the executive officer of the Board the Master Warden sent the telegram to Mr. Hungerford, accepting the tender conditionally, and did not call the Board together? Not that I know of, there was no meeting.

1363. Then it appears the Master Warden had the power to accept the tender for the whole job? There would be no doubt as to accepting the tender; the question would be—Were the conditions new conditions?

1364. Do you remember, Mr. Hall, whether any other alteration was made in the conditions and specifications after the tenders were called and before they were received. I mean after the tenders were advertised and sent out to the public, but before they were received? You mean after they were invited?—I don't remember any.

1365. About the condition as to the classification and weights of each class of stone? I don't remember at that time. I looked upon those as engineering questions, and there were better qualified Members on the Board than I was, to deal with them. I did not take particular interest in the proposed alterations. They may have been made or not.

1366. They were on printed slips and issued to some of the contractors, were they not? When I saw the conditions and specifications they were printed. I saw them at the Board office when the tenders came in, or soon after. They were clauses which I don't think Mr. Napier Bell advised on. He had not given his advice when they were approved.

1367. Do you know who sent the notices to the different tenderers for the last tenders that were called for? I don't know. You mean—who invited them to tender again?—I don't know, I think the Secretary did, but I don't know, as I have not seen the letters.

1368. Do you know if Mr. Hungerford had his deposit returned on the first tenders? I don't know. I think it was said at one meeting that the deposit was returned. I know the Board decided they would not keep it if he would not accept the contract.

1369. In reference to the majority of the Board not agreeing to the new tenders being confined to the original tenderers, I understand you thought the majority of the Board had agreed? Yes.

1370. Do you know the members who had agreed to it? I understood yourself, and Wardens Morrisby, Sligo, and J. J. Gaffney. That you wired from Hobart or saw them in Hobart, and I understood they agreed. Then there were myself and Warden Hales. I understood you also communicated with Wardens S. Gaffney and J. Robertson, and that they gave an evasive answer. That would account for eight of them. Wardens Driffield and Henry desired the tenders called for openly, I believe; I am not sure about Driffield, I don't remember what his reply was.

1371. He was of the same opinion as yourself? That was open tenders.

1372. That would be three in favour of open tenders? Yes.

1373. You don't remember the wording of the telegram I sent to the Wardens? Oh, you informed us you proposed to get the opinion of the Members of the Board by telegram as to the tenders. You said you proposed to send copies of the new specifications and conditions to each of the old tenderers and invite them to tender again, and that the tenders would be returnable on such and such a date, and you asked, in my telegram, did I approve of that course.

1374. At the next meeting of the Board after these new tenders were sent out, did the Board, as a Board, approve of the Master Warden's action? Individually, several members of the Board expressed an opinion that they would have preferred to see open advertising, but there was no motion disapproving of the action taken by the Master Warden. They accepted the position, I think.

1375. It has been said that a telegram was received from Bell, or a letter, in which he said the conditions were unjust on Hungerford, and he would be a fool to sign it. How do you compare that with Mr. Bell's telegram that he should not extend the time? I think that the sense of the last telegram and this should be my reply to the question asked me by Mr. Morrisby. Afterwards

Mr. Napier Bell said he did not understand the position that the interpretation clauses were submitted to tenderers before they sent tender in. Referring to the answer I gave to Warden Morrisby's last question—it is very likely that I did say to him, "Owing to your telegram not being clear to Mr. Bell, you are responsible for the trouble that has arisen since."

1376. Are you referring to the first telegram? The telegram asking Mr. Bell's opinion of the Board's action I do not know whether it was a letter or telegram. Mr. Bell has said later, he understood that the interpretation clauses were submitted to tenderers, and they tendered upon them, but gave us to understand that that telegram was based upon the idea that interpretation clauses were not submitted to tenderers before they submitted tenders.

1377. That is how you account for one statement in the letter, and one in the telegram? Yes.

1378. *By the Chairman.*—You were present at the meeting of the Board on 11th May? I think so. (Witness referred to minute-book.) Yes.

1379. And you told Mr. Morrisby, in reply to his question, that you could not remember that he had moved a motion that no action should be taken until Bell had been communicated with? I do not remember that he moved it.

1380. You were present at the meeting on the 15th May? Yes.

1381. Were the minutes of 11th May read then? Yes.

1382. And were they confirmed? They were confirmed and signed by Mr. Morrisby.

1383. Do you recollect that Mr. Morrisby then questioned the accuracy of the minutes? I should say not, as they are signed by him as confirmed. If the Board considered the previous minutes incorrect they would have amended them.

Mr. Hall withdrew.

ARTHUR G. PRATER, *recalled and examined.*

1384. *By the Chairman.*—You have already been sworn, Mr. Prater? Yes, sir.

1385. *By Mr. Morrisby.*—Have you any recollection of my moving a resolution relative to communicating with Mr. Napier Bell at once? It does not appear on the minutes, but you read the minutes in such a terribly low and indistinct voice that there is an excuse for not hearing them? I don't remember anything about it.

1386. You remember the wire being dispatched to Mr. Napier Bell during that meeting of 11th May? If I look at my letter-book I can tell. (Witness referred to letter-book.) There is no copy here. I think there was none. A copy is kept of every telegram.

1387. There must have been one, because there is a telegram from him in reply. You have heard the reply read by Captain Miles just now. The Board was sitting on the 11th, and that telegram was sent in the morning, and the reply was received in the afternoon? I have no record of it here. I cannot remember.

At 12.30 p.m. the Committee deliberated over correspondence, and at 4 p.m. adjourned till 10.15 a.m. on September 6.

WEDNESDAY, 6TH SEPTEMBER, 1899.

ARTHUR GEORGE PRATER, *recalled and examined.*

1388. *By the Chairman.*—You have been through all the correspondence—will you explain to the Committee, in reference to the *precis* you have prepared of it? Yes.

1389. Will you explain the correspondence dealing with the West Breakwater tenders, and give us the gist of it? Yes; I have made a short statement of it. The specifications and conditions for the first tenders were settled by Mr. Napier Bell in January. Tenders were advertised for on 24th February. Tenders were opened on 17th April; 12 tenders were received, one of which, that of Stocks & Co., was withdrawn. They were reduced to three—those of Hungerford & Sons, Derbidge & Co., and Langtree. A telegram, conditionally accepting their tender, was sent to Messrs. Hungerford & Sons on 22nd April.

1390. What did that telegram say? It was addressed to Hungerford and Sons, Sydney—"Board will accept your tender conditionally your executing contract now being prepared by our Solicitors, and depositing £1250 as security within fourteen days from this date. Reply."—Copies of the specifications and conditions were forwarded to Perkins & Dear on 26th April, stating that, if the parties agreed, they were to be signed by the Master Warden and Mr. Hungerford. Early in May they were to be signed in Hobart. About the middle of May Mr. Hungerford refused to sign the interpretation clauses, and wired to Mr. Napier Bell that he hoped fresh tenders would be called for.

1391. *By Mr. Davies.*—Do you know that? Yes; I know it from the telegram.

1392. Have you that telegram? Yes; it is dated 17th May.

[Mr. Prater then put in the following telegrams and correspondence:—

Telegram from Mr. Hungerford to Mr. Napier Bell, 17th May, 1899; telegram from Messrs. Perkins & Dear, 25th May, 1899; telegram and letter from Secretary to Mr. Napier Bell, 27th May;—Mr. Napier Bell's reply being his letter of 4th June.] (See Appendices.)

Witness continued:—All through the month of May telegrams had been passing between Mr. Napier Bell and the Board. Mr. Bell first approved of the interpretation clauses and said they were most suitable; afterwards he said they were a blunder and illegal.

1393. *By Mr. Mackenzie.*—That is his own opinion? Yes. Early in June Mr. Bell offered the contract to Mr. Hungerford on the old terms, and, getting what he considered a refusal, proceeded to arrange fresh specifications and conditions with Mr. Barrowman, who had gone to Sydney at Mr. Bell's request.

1394. *By the Chairman.*—Will you show the Committee, Mr. Prater, the telegram which you refer to as showing first the approval of Mr. Bell, and afterwards his conviction that the conditions were a blunder and illegal? Yes. The approval, I think, is dated 11th May, and is a telegram from Mr. Bell, to the Chairman of the Marine Board. (Telegram put in, *see Appendix.*)

[Telegram put in from Mr. Napier Bell to Mr. Barrowman, dated 12th May, also 1st to 18th May, between Mr. Napier Bell and Mr. Barrowman, and the Master Warden.

Ditto of 2nd June, to the Chairman Marine Board.

A second telegram of 2nd June, addressed to the Minister of Lands and Works, and letters and telegrams from 22nd May to 29th July.—*See Appendix.*]

1395. *By Mr. Morrisby.*—There is a telegram you have not produced, one from Mr. Hungerford to Mr. Bell? No; we did not get that.

1396. Mr. Prater, you might relate the circumstances respecting the letter from Mr. Hungerford to Mr. Bell, which Mr. Napier Bell took to mean his declining to accept the contract on the original specifications? Mr. Bell was asked to send that letter, or a copy of it, and he replied that he had sent it with others by Mr. Barrowman; but that letter was not included in the parcel brought by him; I think Mr. Barrowman, who is in attendance, can tell you something about it; it was a private letter, which came into Mr. Barrowman's possession, and he would prefer to tell you of it himself.

1397. *By Captain Miles.*—Do you remember who wrote the telegram to Mr. Hungerford on 22nd April—the conditional acceptance of the contract? You did, I believe.

1398. Do you remember the circumstances under which that wire was written? Yes; you and I and Mr. Barrowman were in the office, and there was some discussion about the wording of the telegram. I made a suggestion, which you were at first disposed to accept. You then said you "would word it like this," when I took a form to draft the wire. You then said, "Oh, give it to me, I will do it myself." It was then done by you and sent at once.

1399. Do you remember the difference between my telegram and the one you proposed to send? No, I don't remember.

1400. Was the Board consulted as a Board about sending that telegram to Mr. Hungerford? Not that I know of.

1401. It was done by the Master Warden then? Yes.

1402. In the Board room, you and Mr. Barrowman being present? Yes.

1403. Has the Board ever taken exception to that act? I can't remember. I think they approved of it shortly afterwards.

1404. Before the tenders closed, Mr. Prater, do you remember any alteration being made in the specification. I will call it to your mind by saying that it was the alteration known as the one on which Stocks and Co. withdrew their tender? I remember we gave the quantities to the contractors, on Mr. Napier Bell's advice, and Messrs. Stocks and Co. said the quantities they tendered on were different to those supplied.

1405. You made the alteration by inserting the quantities which never were inserted originally? Yes; you had them printed.

1406. And did the tenderers get a copy of these? Those in Strahan did. I can't say for the others.

1407. Do you know how long it was before tenders were called that the alteration was made? About a week, I fancy, or thereabouts.

1408. Do you remember that Mr. Barrowman concurred in that alteration? Yes, I think he did.

1409. Messrs. Bell and Barrowman both concurred? Yes.

1410. Do you remember Mr. Barrowman himself talking with me about these clauses? Yes. I remember you talked about them, but I don't remember the drift of the conversation, excepting that you thought the specifications were not sufficient.

1411. You are referring to the interpretation clauses? Yes. I remember you said the specifications were not plain enough, or words to that effect, and that they would have to be altered before the tenders were accepted.

1412. Just so. It was discussed when you were present and Mr. Barrowman in the Board room, not secretly? Oh no, not secretly.

1413. Did the other members of the Board know these specifications were being dealt with at the time? I could not say.

1414. One or two members were frequently in and out of the Board-room, were they not? I don't remember.

1415. The books and papers were open to any member of the Board, and you gave them all information, when asked? Yes; certainly.

1416. You spoke just now of a letter from Mr. Hungerford to Mr. Bell. Have they ever had that before the Board? Never.

1417. Do you know where that letter is? I don't know. Mr. Hungerford has a copy of it.

1418. *By the Chairman.*—What is the date of that letter? I can't say.

[Captain Miles said it was some time in June. The letter was between Mr. Hungerford and Mr. Bell, in New South Wales. The telegram from Mr. Bell to the Board stated that after reading Mr. Hungerford's letter, he considered he refused to sign the contract, and he advises the Board to call for fresh tenders. That is, there was a letter from Mr. Hungerford to Mr. Bell which he regarded as a refusal to sign the contract. It is an important matter, and I should like to see that letter produced. I may say that I saw a copy of it for the first time on Friday night last.]

Examination continued by Captain Miles.

1419. Then there was another letter, Mr. Prater, written by Mr. Bell to Mr. Barrowman, and which was spoken of as a private letter, and was read in Committee of the Board. I have not seen a copy of it. Was that letter the Board's letter, or who has it? It is now in the possession of Mr. Barrowman.

Captain Miles: I understand, Mr. Chairman, that letter will be called for from Mr. Hungerford to Mr. Bell?

The Chairman: Yes.

Examination continued by Captain Miles.

1420. Then there is another letter, Mr. Prater, a letter written from Mr. Bell to Mr. Barrowman, considered a private letter, but read in committee of the Board? Yes; that will be in Mr. Barrowman's possession.

1421. Do you remember, Mr. Prater, that all the telegrams and letters from Mr. Bell right down to the 17th May, appeared to be favourable to the course the Board was pursuing? Yes.

1422. The interpretation clauses were most suitable, and he generally approved of the course taken by the Board? Yes.

1423. And from that date, viz., 17th May, there was an entire change in Mr. Bell's correspondence and telegrams to the Board? Yes.

1424. And that is the date when the telegram went from Mr. Hungerford to Mr. Bell, and the letter from Mr. Hungerford of 17th May or thereabouts? Yes.

1425. That was when Hungerford wired from Hobart, "The Chairman's son a partner in Derbidge and Co."? Yes.

1426. It was on the next day after that we received a telegram, "If conditions altered, as stated in Hungerford's telegram, he is not bound to sign," and so on. Up to that date Mr. Bell favours what the Board was doing, but from that date there is an entire change in his course of action? Yes.

Examination of witness concluded.

JOHN BARROWMAN, *recalled and examined.*

1427. *By the Chairman.*—We heard this morning, Mr. Barrowman, of a letter from Mr. Hungerford to Mr. Napier Bell: it is said you have a copy of that letter? I have.

1428. Will you produce it? I will if I am forced to. It is marked "Private," and I would not willingly produce it.

1429. *By Mr. Mulcahy.*—Has it ever been produced at a Board meeting or made public in any way? No.

1430. Has any member of the Board ever seen it or a copy of it? Yes; Mr. Hall saw it. I submitted it to him to take from it the reason why Mr. Bell acted as he did; that is, why he decided to call for fresh tenders.

1431. *Mr. Morrisby.*—I think that, if pressed, Mr. Hungerford would give his authority for that letter to be produced.

1432. *By the Chairman.*—Yes, that would get over the difficulty. Where is the telegram referring to this letter? We have not had it.

1433. It will get over the difficulty if Mr. Hungerford authorises Mr. Barrowman to produce a copy of the letter. There is another letter from Mr. Napier Bell to yourself that has been referred to this morning. It was read at a Board meeting. Do you remember receiving that letter? Yes.

1434. Do you produce that one? I see no objection; it has been before the Board. It is a letter dated 26th May. (Letter produced and read by the Chairman. See Appendix.)

1435. Would you proceed to the waiting room and ask Mr. Hungerford if he will allow you to produce the copy of his letter to Mr. Napier Bell to the Committee? Well, I would rather not. Mr. Hungerford looks on me as having done something opposed to him, and he is not so friendly towards me. He imagines that the conditions in the specifications were altered by me for some reason personal to himself.

The Chairman.—Well, we will get Mr. Hungerford in and ask him.

[Mr. Hungerford was called in.]

The Chairman.—Mr. Hungerford, there is a letter from Mr. Napier Bell to yourself that is marked "Private." There is a copy in Hobart, and a copy in this room. We do not insist on its being produced unless you give us permission, and we have called on you to ask you to do so.

Mr. Hungerford: I did not keep a copy of the letter myself. You are quite at liberty to use the letter, so far as I am concerned.

The Chairman: That is all that is necessary.

Mr. Hungerford retired.

Examination continued.

1436. *By the Chairman.*—Now, Mr. Barrowman, will you produce the letter?—I sent the original of it to Mr. Napier Bell, and I leave the onus with him as to whether that should be produced. This is a faithful copy.

[Letter produced and read by the Chairman.—See Appendix.]

1437. Can you fix a date to that letter? I think the letter was written about 18th June.

Captain Miles: The telegram from Mr. Napier Bell to the Board might fix the date.

1438. *The Chairman, to Mr. Prater:* Has Mr. Hungerford ever made any claim to the Board for expenses in connection with his tender? No, sir; he has never made any claim for expenses to the Board; he never suggested such a thing.

Mr. Barrowman's examination continued:—

1439. *By the Chairman.*—Can you fix the date of this letter at all? It is about the 18th June. I received a telegram from Mr. Bell to me at the *Metropole Hotel*, stating that he had received that letter, and his action upon it, and that was to call for new tenders.

1440. Were you in Sydney when Mr. Bell received it? Yes.

1441. And subsequently to that Mr. Bell advised the Board to call for fresh tenders? Yes.

1442. When were the new tenders invited? The letter-book will give you the date.

Mr. Prater: On the 3rd July. The notices were sent round to all the original tenderers on that date—every one of them. I have the notice here.

1443. *By Mr. Davies.*—What date did you arrive in Sydney? I arrived in Sydney and conferred with Mr. Bell, and a number of telegrams passed between Mr. Bell, Mr. Hungerford, and myself. It was on the 19th of June I left Mr. Bell at East Maitland, to put up at the *Metropole*. During this time, either on the 19th or 20th, I received Mr. Bell's telegram saying he had received such a letter and that there was no other way for it but to call for new tenders. He said he would meet me next day. He did meet me, and we conned over the matter, with a view to modify the specifications, to secure more stable work.

1444. Did he show you that letter then? Yes, when he came up. It was on the 20th or 21st, I think.

1445. It was in consequence of that letter he deemed it advisable that fresh tenders should be called for? Yes.

1446. *By the Chairman.*—The letter is dated Sunday, and Sunday would be the 18th. I think we may put it down that the letter was written on Sunday, 18th June? Yes, that is certain.

1447. *By Mr. Mulcahy.*—Have you any other correspondence, Mr. Barrowman, not of a private nature, from Mr. Napier Bell? No correspondence that would throw any light upon the contract.

1448. *By Captain Miles.*—Did you write to Mr. Bell, about the interpretation clauses of the contract in the first place? Yes.

1449. Have you a copy of that letter? No; it was written "Private," you see, to give him the information. I took no copy of it.

1450. You wrote him professionally about the proportions of stone, and the proportion of weights, and you have no copy of that letter? No, I have not.

1451. Mr. Bell approved, did he not? Yes. Mr. Bell approved of all I said.

1452. But you have not a copy of the letter you wrote to him? I have not.

Captain Miles to the Chairman.—As to that letter from Mr. Hungerford to Mr. Bell, it is regarded now as a public document, and I presume it will be published in the Select Committee's Report?

The Chairman.—We must consider how far we will publish these letters.

Mr. Mulcahy.—The privacy was withdrawn from it.

The Chairman.—We will consider that by-and-bye.

Mr. Barrowman, withdrew.

THOMAS WALTER HUNGERFORD, called and made statutory declaration.

1453. *By the Chairman.*—What is your name? Thomas Walter Hungerford.

1454. You put in a tender for the first contract for the West Breakwater called for by the Strahan Marine Board? Yes.

1455. This Select Committee is appointed to enquire into the circumstances connected with the Macquarie Harbour Bar contract, the relations of the Strahan Marine Board in regard thereto, and all matters pertaining to the constitution and working of the Board. We will be

glad now to receive any evidence you have to give that will assist us in our deliberations, or that can throw light on the calling of the first tenders. We will deal with that first of all.—Well I have jotted down all I know as far as I had any connection with this matter.

1456. You can use that statement to refresh your memory, if you like. Will you proceed? When I first arrived at Strahan to tender for this work I was there for some time, and previous to leaving, I was cautioned by a party there that I would have to be very careful about Miles; that he would be sure to be interested in the tendering for the work, and that at all events I was to be very careful, and seal my tender, as he would be sure to try, by some unfair means, to secure the contract. When I was at Strahan on the second occasion, before the first contract closed—when I went to tender for the work, Captain Miles went part of the journey with me, by steamer, from here to Strahan. We were speaking of the works while on board, and Miles remarked that he had arranged with Mr. Napier Bell that as soon as the tenders were deposited, that he (Miles) would take them over to Melbourne unopened, and there deal with them.

1457. Can you give any idea of the date of that trip? Well, I should think 2 or 3 weeks previous to the tenders being opened.

1458. That was on the 17th April, when they were opened? Yes, as far as my memory serves me. He told me he was going to take them to Melbourne to deal with them. As an old contractor, I knew this was not the correct thing to do with tenders. I knew the only fair way of dealing with them was to open them publicly, and deal with them at once. In consequence of this Mr. Langtree and myself sent a joint telegram to Mr. Napier Bell, and requested him to see that the tenders were dealt with in a fair way. Whether it was in consequence of this wire or not, I cannot say, however, the tenders were opened by the Marine Board, and all the tenderers knew the result. After the tenders were opened I left for Sydney, but, before leaving, I may say that I was suspicious that Derbidge's tender was not a reality, and that Derbidge meant Miles. I wrote and sent a wire to a friend of mine in Christchurch, to ascertain if Derbidge was there, and if Miles was a partner of his, and if he would sell his, or purchase my interest in the contract.

1459. *By Mr. Mulcahy.*—Was this after the tenders were opened? Yes; after I knew that mine was the lowest tender.

1460. *By Captain Miles.*—Would the witness give that again? I sent a telegram to a friend of mine, Mr. Meddings, Inspector of Telegraphs in Christchurch, to ascertain if Derbidge was there, and if Captain Miles was a partner of his. I received an answer that, at first, he would not admit that he had anything to do with the contract.

1461. *By the Chairman.*—Did he tell you this? No; I got a letter to that effect. I have it here, I think.

1462.—Will you repeat what you said to the Committee—what you telegraphed to Mr. Meddings—what is your recollection of the telegram? It was to the effect to ascertain if Derbidge was in Christchurch. I knew that Derbidge was not in Hobart, and I wanted to know if he was interested in the contract with Captain Miles, and I asked if he would sell his, or buy my interest in the contract.

1463. What did this letter you received in reply say? There is a great part of it private—that part there (producing letter).

[Letter read by the Chairman.]

Christchurch, 5th May, 1899.

MY DEAR HUNGERFORD,

YOUR wires and letters all came safely to hand. At first Derbidge said he knew nothing about any partners, or even a contract; later, when I got your letters, he admitted that he had tendered for the work you describe, and that M'Kay, your old partner, had seen him, and told him that his (Derbidge's) was third lowest, and wanted to draw him out, but he would not let out. He said he could not do anything till he heard from his partners, whom, he said, would advise him, but that he alone could act, as the tender was in his name: he positively refused to do anything till the next Australian mail arrived, and, if no news, he would then arrange with me to wire, and in a few hours the thing could be fixed up. I used every argument possible, but he was quite decided to wait his friends' advice. I hope you fixed it up all right. . . ."

Now please continue your statement—After the tenders were opened, I left for Sydney, but before leaving, I was certain that Derbidge meant Miles. A few days after my return to Sydney I receive a letter from Derbidge; the letter was dated Hobart, but it was posted in Strahan, and had no Hobart post-marks: it bore the post-mark of Strahan. I suspected at once that this letter was either written by the instruction of Miles, or of someone connected with him. The letter stated that my price for the contract was a ruinous one, and that if I would decline to take it up, that he, Derbidge, would give me £250. I knew that letter could not possibly be from Derbidge, because he was in Christchurch at the time. Some further wires from Derbidge, dated from Hobart, passed between us, but I would not do any business by wire.

1464. *By Captain Miles.*—Have you got those wires? I am certain I have them in Sydney, but when leaving for here I did not think of bringing them. You see, I did not know what I would be examined on. I have one or two telegrams that I received from Derbidge before I left New South Wales.

1465. *By the Chairman.*—Have you that letter? Yes, that letter is in my house in Sydney. I am certain I have not destroyed it. I am certain I have it somewhere.

[Letter, dated April 18th, Derbidge & Co. to Hungerford & Sons, subsequently produced—See Appendix.]

1466. Will you go on, please? I told him I declined to do any business by wire, and I think I sent a telegram to him stating that I would come to Hobart and see him. In reply to this, I received a telegram from Derbidge & Co., dated 28th April, from Hobart, as follows—"Must leave for New Zealand Friday unless business certain; wire definite offer; will reply yes or no." I replied—"Could not think of cabling terms; be Hobart next Saturday, if you wish to remain." He subsequently wired that he would leave his junior partner with full power and instructions to deal with the matter. When I landed in Hobart, young Miles came to me and said he was Derbidge's partner, and that he was there to represent the firm, and do business, and that he had full power to deal with all matters. He then offered me various amounts if I would throw up the contract, and at last he offered me £1000 if I would write to the Board and decline to sign the contract, so that his tender would be accepted.

1467. When was this? That would be somewhere about eight or ten days previous to the time fixed for signing the contract in Hobart. The contract had to be signed in Hobart, and this was a few days before the signing, I think.

1468. What date was fixed for signing the contract? I think about the 6th May.

1469. Then this would be about the 28th April? Yes. Mr. Perkins could tell the date, because I called upon them when I landed here, and they would be an authority as to the date.

1470. *By Mr. Mulcahy.*—Have you the telegram which Derbidge sent you from Hobart? Yes.

1471. That might enlighten us? This is it, dated 27th April, "Leaving Friday. Junior partner will meet you on arrival with full power to act.—DERBIDGE."

1472. *By the Chairman.*—There is a telegram from Mr. Hungerford asking that the contract should be signed in Hobart? (Mr. Prater, handing in three telegrams fixed together.—"Yes; Mr. Hungerford wired on 24th April, 'Will contract be signed at Hobart or at Strahan?' And on the 25th April another wire, 'Could you arrange contract being signed Hobart instead of Strahan. Leaving to-morrow for Strahan *via* Hobart.' On May 5th he wires to Capt. Miles, 'Waiting here to sign and make deposit.'")

1473. Then you arrived here about the 28th of April? Yes, somewhere about that.

1474. Did you see Messrs. Perkins & Dear on the day you arrived? Yes, as soon as I came here I waited on Mr. Perkins, and had a first interview.

1475. Was it after you saw Mr. Perkins that you had the interview with Mr. Leslie Miles? As soon as I landed here I called on Mr. Perkins. He said he was expecting Capt. Miles up every day from Strahan, and as soon as he came the contract would be settled. I was not here two hours before I saw young Miles. I came here on the Saturday night, and I think about an hour after my arrival I met young Miles in the street, and he told me that he represented Derbidge and Co., and he offered me various amounts to decline to sign the contract.

1476. What was that for? To decline to sign the contract so that his tender would be received and accepted. In the first letter I received from Derbidge, dated at Hobart, he stated that the Marine Board would without doubt return my deposit, as they had previously returned one, that of Stocks & Co. Well, after several interviews I partly agreed to accept the £1000, but wanted to write to my son. The ultimate result was that I would accept the £1000 and one quarter share in Derbidge's contract. Young Miles refused this. I said, "Well, I would not ask more than I am prepared to give you, and I will give you £1000 and a quarter interest if you like; or," I said, "I will give you £1500 for Derbidge's contract, or join you. I will do anything that is reasonable and fair, but I won't accept your £1000 unless the quarter share is included." Of course all these offers were conditional upon the Marine Board accepting Derbidge's tender. Young Miles would not agree to either of the proposals, so all the negotiations came to an end. The last interview with young Miles was three or four days previous to the date of signing the contract. During my stay in Hobart I frequently called upon Perkins & Dear, the Board's solicitors, to ask when the contract would be ready for signing. Mr. Perkins stated that he was expecting Captain Miles down every day, and on his arrival the contract should be signed. The day previous to the contract being signed I sent a telegram to Captain Miles, Master Warden, Strahan, "Perkins and Dear expect you with necessary documents for signing contract. Please wire when may expect you. Waiting to sign and make the necessary deposit."

1477. That was on May 5th? Yes, speaking from memory. A few hours after sending that wire, I was surprised to see Captain Miles in Murray-street. He came over to speak to me, and at once told me that he would insist on some additional clauses. I think he called them interpretation clauses. They referred to the stone; that all the different classes of stone would have to be increased in weight, the first-class stone to start at fifteen tons in place of ten tons, and the other classes in proportion. I told him that I would not agree to any alteration in the general conditions or specifications. I also told him that these conditions were entirely unnecessary, and outside the contract; that I had worked and carried out a contract in New Zealand of exactly the same nature, and on similar conditions, and there was never once a dispute or complaint as to the different weights or classes of stone. I told him I thought these conditions entirely unnecessary. Soon after this I called on Captain Miles, at the Union Co.'s office, and asked him if he would be good enough to let the signing of the contract stand over for a few days, so that I could consult my sons in Sydney over the matter, and he agreed to that. I think he agreed to extend the time for ten days or so; but I positively assert that the first

and only time that ever I heard of any alteration in the contract or specification was when Captain Miles came to Hobart, the day previous to that fixed for having the contract signed.

1478. When did you see a copy of these interpretation clauses? Not till Captain Miles came here.

1479. Did he give you a copy? I was shown a copy in Perkins & Dear's office.

1480. Did he give you a copy? My son took a copy.

1481. Did you send a copy to Sydney? No; I took it with me. I took the proposed alterations with me to Sydney, and submitted them to my solicitors there.

1482. You took away a copy of the amended conditions—where did you get it? From Captain Miles.

1483. He gave you one? Yes; he gave it me in Perkins & Dear's office, and I went to Sydney the very same day. I submitted the matter to my solicitor, and he told me at once that the Marine Board could not legally make any alterations of that kind in the conditions, and that I could recover substantial damages if they enforced them.

1484. Had you any conversation with Mr. Perkins and the Master Warden over the alterations? Nothing but what I have told you. I told them the alterations were entirely outside the contract, and that I would not sign them.

1485. Then you got ten days' extension of time? Yes.

1486. And went direct to Sydney, to consult your solicitor? Yes.

1487. What happened? He told me it was impossible for them to insist upon the conditions. His advice was not to sign; that they could not enforce it; and that if they tried to they would be liable to damages. However, I came here, and declined to sign the contract.

1488. You came here, and declined to sign—when was that? I came from Sydney again, to be in time to sign on the ten days' extension coming to an end.

1489. When did you get the extension of time? I think a day before the contract had, in the first instance, to be signed. I then went to Sydney, and came back to Hobart to sign the contract.

1490. When would that be—before the ten days expired? Yes, before the ten days expired. I came back to Hobart and went again to Mr. Perkin's office, with my solicitor here—the firm is Allport & Roberts. He tendered the necessary deposit, by a marked cheque to one of the representatives of Perkins, and they declined to accept it; therefore the matter ended.

1491. Were you willing to sign the contract at that time? I came for the purpose of doing so.

1492. The contract with these alterations? No; the contract I tendered under, not with the alterations. I dare say you can get Mr. Allport or his representative who went with me.

1493. *The Chairman.*—Mr. Lodge? Yes, that was his name; he came with me. I gave him the marked cheque, and he tendered it, and told them his client was prepared to sign the original alterations, they had agreed to receive the marked cheque in place of the sovereigns, but they then refused to accept, and there the matter ended.

1494. What happened next? I then returned to Sydney, after they had refused to take my deposit. After some time I received a cable from Captain Miles, signing himself as Minister of Lands and Works, to put myself in communication with Mr. Napier Bell.

1495. Can you give us an idea as to when that telegram was received? I could not, sir, He signed himself as Minister of Lands and Works.

1496. Is this a copy of the telegram—"Hobart, 5th June. Please put yourself in communication with Mr. Napier Bell immediately. Minister of Lands and Works"? Yes, that is the one. I took no notice of it because the Minister of Lands and Works had nothing whatever to do with me. Had he signed as Master Warden, Marine Board, I would have done so. A few days after I received a wire from Mr. Bell stating that I could go to Hobart and sign the contract on the old conditions and specifications, and pay the amount of the security. My reply was, "Have you authority by resolution of the Board to deal with the contract, for if not they may insert some fresh conditions—If you have I will go after I attend to some urgent business, and see if everything is in order. Anxious to avoid further unnecessary expense. Expenses already incurred must be paid by the Board?" To this I received a reply from Napier Bell stating that he had power to deal with the contract. My reply was, "I am afraid of more intriguing, not by either you or Barrowman, of course. Better get Acting Chairman to offer contract under original conditions and specifications without any new stipulations, and that they will pay unnecessary expenses incurred. We will accept contract."

1497. Is this a copy of the telegram you sent Mr. Napier Bell? [The Chairman read the telegram, as above.] That is the wording, as nearly as I can remember.

1498. Who is the Acting Chairman? I do not know who was Acting Chairman. I knew Captain Miles was not there, and he could not do it, because I had those telegrams from him. And besides, it distinctly states in the conditions that the Acting Chairman has to deal with the matter and give the contractors notice.

1499. The Acting Chairman? Yes; the Acting Chairman. Of course, the Acting Chairman would have some powers.

1500. When did you send that telegram? I can't tell you the date. It was after I got the telegram from Miles to come here and sign the original contract.

1501. That was after the telegram from Captain Miles, signed as Minister of Lands and Works? Oh yes, some time. I took no notice of that telegram at all. Bell replied, "You must reply definitely. I am not at present dealing with expenses."—I then wrote a private letter

to Napier Bell, and as far as my memory serves me, to the following effect—"I thought my offer to accept contract fair and reasonable, if they pay expenses incurred. They are in all fairness liable for the unnecessary expenses I have been put to." I also stated that I was not in love with the contract, and that I would not make a fortune by accepting it; at the same time, I knew I would not lose, and I was sure of doing fairly well; but if I were sure that fresh tenders would be called for, I should be as well pleased.

1502. Is this a copy of that letter? (Letter handed to witness by the Chairman). Yes, that is a correct copy of the letter, verbatim.

1503. Have you anything further to say? Yes; Mr. Bell replied to me, "I take your letter as an indication that you decline (or prefer not) to accept contract, I can't say which, and I will proceed to call fresh tenders." I also, as well as I can recollect, stated in the letter what I thought of Mr. Miles and his connection with the contract. When fresh tenders were called I again went to Strahan to tender for the work.

1504. Did you raise any exception to fresh tenders being called? No, I don't think I did. I certainly wrote no letter to the Board protesting against fresh tenders.

1505. Did you not write a letter to the Board protesting against fresh tenders? Certainly not. I let the Board do exactly as they thought proper. When the fresh tenders were called to tender for the work I met Captain Miles in the town, and he told me positively that Derbidge and Co. were not going to tender. Young Miles also told me they would not tender for the work this time. When speaking to Captain Miles I told him that my sons were anxious that I should join him in the contract. His reply was, "There is my son, go and see him." At the time young Miles was going into the bank. On the afternoon of the same day I saw young Miles. I told him plainly that I had no confidence in either his father or himself; that I was informed that although Derbidge was not going to tender, that I was told he was going to tender in the name of Duff. He assured me this was not the case. In the course of conversation I said, "My son is anxious that your father should be in it." I then offered him a fourth or fifth share, "but," I said, "I am not certain yet, for I have promised a share to a gentleman in Sydney, if I get it, and it depends upon whether he goes in or not, whether it will be one fourth or fifth share." That is Mr. J. R. Carey.

1506. Your son was anxious that young Miles should have an interest? Yes. There was, however, so much intrigue going on, that, I tell you plainly, it was the only way we could get the contract. My sons considered there was so much intriguing that this was the only safe way to get the contract. I never saw so much intrigue in my life, or more disgraceful work. I told him plainly I would not show him my schedule of prices, as I had no confidence in either of them. Nothing further was said until the morning of the tenders being received.

At this stage Committee adjourned until 2.15 P.M.

AFTERNOON SITTING.

At 2.15 P.M. Committee resumed. Mr. Mulcahy, in the absence of Mr. Lewis, took the Chair.

Mr. Hungerford's examination resumed.

1507. *By the Acting Chairman.*—We had just got to the morning of the second tenders—will you proceed from that point? About half an hour or so after the tenders were closed I met young Miles. He came to me and had the assurance to tell me that Derbidge and Co. had altered their minds and had put in a tender. I told him I was not deceived as to their character, and left him, and have not seen him any more. I have been informed that either Captain Miles, or Mr. Barrowman, or someone else, had circulated a report that I had stated in conversation with someone that I would not deliver a single stone over 10 tons in weight. This is absolutely untrue. I never had a conversation with Captain Miles, Mr. Barrowman, or anyone on the subject, and the statement is also foolish and absurd, which, if the Committee think proper, I can explain to their satisfaction. At the same time I can see the object, that was, to bring in an alteration in the schedule.

1508. It would be better for you to tell us facts, and what you know from your own knowledge. What we want from you, Mr. Hungerford, is not opinions, but facts? Of course you can surmise something.

1509. You know, Mr. Hungerford, it is for the Committee to put these things together, and draw their own inferences from them. We want to hear what you know from your own knowledge only? Then, I will not proceed any further with that part.

1510. No, nothing except matters of fact? When I told young Miles that I would not let him see my schedule of prices, he said his father and himself had gone into the matter, and their "bed-rock," as they called it—to make a certainty of securing the contract, they could not reduce under £44,000.

1511. When was this? This was the very last conversation I had with them previous to tenders being put in.

1512. Was this before the conversation you just told us of? Yes. Previous to that, before tenders were closed. My reply to him was, I did not think it would be reduced much under that price, but as I had no confidence either in himself or his father, I would not give him any information on the subject. This was purely for the purpose of trying to get at my prices.

1513. Can you fix the date of that conversation, approximately? This was two days before the tender, in the afternoon. I could not say for a day or so, but the facts I am very certain of, but of the dates I am not. Captain Miles, when speaking to me about the new conditions the time I met him in Strahan, said they were worth from £5000 to £6000 more than the original contract.

1514. This is another conversation? I am going back now to the time when I came back to Strahan to tender for the second contract. I met Captain Miles, and he referred me to his son, and at that time Captain Miles said the altered conditions were worth £5000 more than the original contract, and I stated that was correct; but, it does not seem that Captain Miles or his son took much notice, because they reduced the tender £3000.

Mr. Hungerford here withdrew.

WILLIAM WATCHORN PERKINS, *called and made statutory declaration.*

1515. *By the Acting Chairman.*—Your name is William Watchorn Perkins? Yes.

1516. And you are the solicitor of the Strahan Marine Board? Yes, my firm is; I am senior partner.

1517. At the present time your firm holds some correspondence between the Strahan Marine Board, or some of its officers, and Mr. Napier Bell and Messrs. Hungerford & Co.? I have it present. If I have my client's permission, the Master Warden's, I will produce it. The correspondence I hand in is a set of telegrams from Mr. Prater, the Secretary of the Strahan Marine Board. (Papers handed in.)

1518. Have you other correspondence? This is the correspondence that came to me on the question of the second contract.

1519. Have you any correspondence as to the first contract? I presume this will all be returned to me, of course. The other correspondence is a telegram of the 15th May.

1520. We have already got that in? I also hand in instructions from Mr. Prater as to preparation of contract, enclosing to us special conditions—abstract of conditions—which were required to be put in contract, dated 28th April.

I think it would be as well for you to table what correspondence you have, Mr. Perkins.

Witness tabled correspondence.

1521. You have had no correspondence with Mr. Hungerford? Only through his solicitors. Of course we had an interview with him and furnished him, at his request, with a copy of these details which Mr. Prater furnished us with.

1522. There is one point I should like you to let us know; what time, as solicitors to the Board, you received what has been called the interpretation clauses? 29th April; the letter is dated 28th.

1523. Did Mr. Hungerford call and express a desire to sign the contract previous to that? No. I have one more letter here from Capt. Miles, dated 7th August. I received that on the date which it bears. (Paper handed in.)

Witness withdrew.

Chairman read telegrams and correspondence.

THOMAS WALTER HUNGERFORD, *recalled and further examined.*

1524. *By the Acting Chairman.*—You said that on two occasions young Miles had offered you certain sums to withdraw your tender? Yes.

1525. The first occasion was where? The first was by wire. The first I heard of it was the letter I received from Derbidge, dated Hobart, offering £250 if I would decline to take up the tender.

1526. But a verbal offer was made, you told us? Yes. That was by young Miles.

1527. In Hobart? In Hobart. I declined to do business through wire.

1528. Was that before you were aware that the specifications had been amplified? Oh, yes. I did not know anything about that until I met Capt. Miles in the street a couple of days before the tender was signed. I never heard anything about Barrowman until the day previous to contract being signed.

1529. Was that a voluntary offer on Miles's part, or the result of a conversation? His offer of £1000?

1530. No; on the first occasion that he made, as you say, a certain offer to you, was that a voluntary offer, or the result of some conversation you had had previously? The first was the offer made in writing from Derbidge in Hobart; that opened the negotiations for that offer of a higher sum. Wires passed between Derbidge & Co. and myself.

1531. Did you refer to these wires when you met young Miles? No; he told me he was a partner of Derbidge, and the partner referred to in the telegram I showed you this morning.

1532. The second time that young Miles offered you amounts up to £1000, were these voluntary—spontaneous—offers from him? Oh, yes. I refused any offer up to £1000 from him.

1533. Was the offer a negotiation between you or a deliberate attempt to buy you out? A deliberate attempt to buy me out; to get me to throw up the contract so as his tender should be accepted; there could be no other object.

1534. How did young Miles come to tell you he could get your deposit back? Young Miles told me that it was Derbidge told him he had no doubt the deposit would be returned, as one had already been returned; that was Stocks'.

1535. In the letter you received? Yes.

1536. Is there any chance of your getting that letter? I will send a wire and have search made for it. It is in existence, I know, and I really thought it was in my pocket-book. (Letter, dated 18th April, subsequently produced. See Appendix.)

1537. You told us you yourself personally approached Captain Miles in Strahan? Yes.

1538. And told him that your sons were anxious to be associated with him in the contract? Yes; and I told him, at the same time, I did not like it.

1539. That is what you told Captain Miles? Yes.

1540. Did you know that that was an improper thing to do? No; it is often that contractors make such arrangements.

1541. Have you ever made any of those arrangements yourself? I have never been concerned in such a cursed affair as this, but I have once bought a contractor out.

1542. But I am speaking of Captain Miles as Master Warden? Oh, I didn't look on him as Master Warden; I regarded him as a contractor or tenderer for this work.

1543. But you knew he was Master Warden? Oh, yes.

1544. And, as Master Warden, you knew that it would be an improper thing for him to associate with you in a contract? I knew it would be an improper thing to approach him as Master Warden, but he referred me to his son.

1545. Did Captain Miles tell you it was an improper offer? No, undoubtedly not: he only remarked, "There is my son,—you had better see him." His son was going into the bank at the time.

1546. Do you know anything of the firm of Stocks & Co.? I know them by name.

1547. You have referred to them being induced to withdraw their tender? That is surmise.

1548. You do not know anything about it? No; I only surmise. There is no cause, that I know, why they should withdraw.

1549. But you do not know anything of it? No, certainly not; it is only surmise.

1550. Was any offer made, then, either by letter or telegram, to get you to accept new conditions, at an increased price in the contract? No; nothing of that kind was ever mentioned to me.

1551. Did you demand, at any time prior to signing contract, an increased price for doing work under altered specifications? I knew it would be waste of breath.

1552. Then you never offered to take up the contract if you got more money than your original tender? No.

1553. You were never asked? No.

1554. Not by letter, telegram, or verbally? In no way was I offered an increased price; if I had been, I would have accepted it.

1555. When you tendered the last time did you do so with the idea that Derbidge and Co. were not going to tender? Yes; I took Captain Miles's word and his son's. They positively assured me they were not going to tender.

1556. Although you previously told them what you thought of them? Yes, I told him and his son too. I said I could not place any confidence in them.

1557. Did you ever make any calculation of what you thought the extra cost to you under the amended specifications would be? It would only be surmise, but if faithfully carried out, I consider it would be £5000 more than we originally tendered for. I know in my second calculation I took that into consideration, and accordingly my second tender was £5000 or £6000 over the first tender.

1558. What interpretation, as a contractor, would you put upon your first tender with regard to first class stone? That ranging from 10 tons to 20 tons?

1559. Yes. Would you have considered yourself as carrying out that contract faithfully if you put in stone between 10 and 11 tons throughout? Oh, no; that is a thing that could not occur.

1560. Why? To provide stone for a harbour contract you have to drive tunnels into the quarry and blast, and when you fire a shot the stones come down in 50, 60, 70, I have known them as high as 200 tons, in weight. Well, all the stone you get from 10 to 20 tons you would take as first class, but you would be obliged to go above that, and if the stone was very large would be obliged to put another shot in and burst it into two, and if any stones were above your weight you would have to plug and feather them. By using plug and feather you make a certainty of not destroying the stone you choose out of it, and there you would be guided by the lifting capacity of your crane. If your crane lifted 25 tons, you would put all stone of that weight that you could get; you would not cut a 25-ton stone into two if you could lift it.

1561. Will you give the Committee an idea of what your interpretation of first class stone would have been if you had got the first contract. It should be between 10 and 20 tons? Yes. But this was an exceedingly easy stone to procure, and my idea is it will come out in very fair blocks.

1562. And can you tell the Committee approximately what the average of the stones you would have put in would have been. Would they average 15 tons? Well, they might; that is, first class stone. I can assure you I have carried on contracts for years. I have carried out a contract under the same conditions in New Zealand, but have never kept an account of that kind, so it would be entirely a matter of opinion. I know we have never had a complaint about it.

1563. *By Mr. Archer.*—I think you said, Mr. Hungerford, that you got a letter from Derbidge, who was then in New Zealand, purporting to be addressed from Hobart? Yes.

1564. Do you know, as a fact, that Derbidge was in New Zealand? For a fact. I wrote and sent a wire to a friend of mine in New Zealand, an inspector of telegraphs, and I knew for a positive fact that he was in Christchurch.

1565. You have said that young Miles offered you £1000 if you would decline to take up the contract? Yes.

1566. You offered to accept £1000 and a quarter share? Yes.

1567. I want to know if it would be of pecuniary advantage to Derbidge if your tender was withdrawn? There is no doubt about that; their tender would be accepted.

1568. Then you agreed to plunder the Government by offering to accept £1000 and a quarter share? Yes; if you call it so. I do not look on it as plundering the Government. I am a conscientious man, and I know it is a thing that is very often done in contracting. If I were the Chairman of the Board I would act differently, but I looked upon it from a contractor's point of view.

1569. You took no exception and wrote no letter to the Board protesting against their action in connection with the contract in adding the interpretation clauses? No; the Board took no action, and I refused—

1570. These arrangements were conducted verbally with you? Yes. These alterations were issued from the Strahan Marine Board, and I refused to sign the contract.

1571. I think you said that this offer of £1000 was made by young Miles. It was before you knew anything about the interpretation clauses? Yes; I did not know anything about the altered conditions until the day previous to signing the contract.

1572. Then you believed that the contract was yours in consequence of young Miles offering you the £1000? I knew the contract was mine, because I got a notice of the acceptance of my contract by wire.

1573. *By Mr. Muchenzie.*—Was the acceptance of that tender by wire conditional on your signing any particular contract? No; it meant I had to complete the deposit. That meant paying £1050 more.

1574. Were these specifications the usual specifications? Yes.

1575. You say that the first class stone that you had to deliver was to be from 10 to 20 tons? Yes.

1576. What proportion of these stones would be 20 tons, and how many of them would you consider it fair to expect you to deliver? Now you ask me a question that is very hard for a person to answer. It is very hard to say how these stones would come out.

1577. Would you consider you had fulfilled the spirit of these conditions if you had delivered half a dozen 20-ton stones? No, there would be more than that in a day.

1578. It is rumoured that you stated that you would only deliver stones a little over 10 tons,—did you state that? No. I believe the object they had in circulating that report was to bring in these conditions, and so prevent me from taking up the contract.

1579. When these second tenders came in had the Board offered to accept your second tender under the first conditions, at the Board meeting? Yes; they called me in and Captain Miles asked me if I were offered the contract under the original specifications would I accept it. I said, "No; I came to tender for the second contract, and would have to consult other people before I could agree to any change."

1580. But you had already tendered, and it is presumed you were satisfied with your first price. Why not accept subsequently, when you had an opportunity? Well it would be playing fast and loose with them, and I did not go there to be fooled. It was not a fair proposition after their conduct in declining to take up my contract the first time.

1581. As this work had to be carried out under scheduled prices, was there a great amount of risk? I don't think so much.

1582. You say you were offered £1000 to forego your contract—would you consider that equivalent to the profit you would make? Yes, something about that; if you take it in that light.

1583. Then, when you came to Hobart you considered that your tender had been accepted under the old conditions? I thought so, undoubtedly.

1584. And you were satisfied to go on, to complete your work under those conditions? Undoubtedly.

1585. And it was only when you came to Hobart to do the work, before the agreement was to be signed, you found the alterations had been made? On the morning previous to signing tender I met Captain Miles.

1586. And you had come to Tasmania for that purpose? For signing the contract, and had come prepared with the money. I brought a letter of credit for £1050 to complete the contract, and the same money was offered by my solicitor.

1587. Did you arrange with Captain Miles's son to give him a share in this contract? I offered it him, and he refused.

1588. He refused? He wanted the lot.

1589. Was it on the basis of your tender or his tender? Oh no; the whole thing hinged on the Marine Board accepting his contract. If the Marine Board refused to sign his contract all our arrangement went for nothing.

(Mr. Lewis took the chair.)

1590. *By the Chairman.*—Then, it was Captain Miles's son who declined to have you as his partner? No, he would not agree to me being partner.

1591. He declined to agree with you? Yes; he would give me £1000 but would not give me an interest in the contract.

1592. *By Mr. Aikenhead.*—At the meeting of the Board held to consider the second tenders you refused the offer to be allowed to go on on your original conditions, at that price? I refused.

1593. Were you in any worse position then? I did not think I was placed in a fair position, because my tender, under the amended conditions, might be the lowest; and another thing, I had to consult my partners in the thing.

1594. But you had been quite ready, and prepared with your cheque, to take up the work on the first conditions? Yes; but, I will tell you honestly, if the two tenders were offered me now to say which I preferred, I would prefer the last, but I thought they were trying to bring me back to the original tender.

1595. *By Mr. Propsting.*—Have you a plant on hand fit for carrying on this tender? No; I have not a plant on hand—I have some of the plant on hand, but very little suitable for the work, at present, but could pretty well tell where I could lay my hand on the plant necessary.

1596. Is that plant in existence that you could lay your hands on? Yes.

1597. Would that plant be capable of treating 20-ton stone? Yes, capable of lifting 30-ton stone.

1598. *By Mr. Morrisby.*—You said that you received a letter dated from Hobart—posted at Strahan—from Derbidge? Yes.

1599. Had you any suspicions that that letter was not from Derbidge? I knew Derbidge was not here at the time.

1600. Was it in consequence of that letter that you wired to your friend in Christchurch? No; previously to receiving that letter, I had wired to my friend in Christchurch, and knew Derbidge had not been here for years.

1601. When you received that wire from Hobart, signed by Derbidge, saying he would be leaving on Friday for New Zealand, were you suspicious that it was not from Derbidge? I knew it was not from Derbidge.

1602. Did you make any inquiries to ascertain whether Derbidge left by that steamer? I did not make any inquiries; I knew perfectly well he was not here to leave. I was never deceived as to the origin of the letter, as far as I was concerned.

1603. You mentioned, about second tenders, that you could not definitely close with young Miles until you knew whether a friend of yours was prepared to accept a fourth? Yes, that was so.

1604. Was that friend aware that you were prepared to give young Miles a share? No, he was not; and it all depended upon whether he would agree to come in, because, if he would not agree, then young Miles would have had a fourth, and if he had come in, Miles would have had only a fifth.

1605. Did you find out afterwards whether he would have been agreeable? I do not think he would: he would not have anything to do with young Miles.

1606. Who was your friend? J. R. Carey.

1607. You say that that rumour was not correct—that you would only supply a little over 10-ton stone for first class? Not correct!—it is a ridiculous supposition.

1608. How long is it after that you heard that that rumour was in circulation? Not until after I saw Napier Bell. Bell asked me distinctly, "Did you state that you would not deliver any stone over 10 tons weight?"—I said, "No, what nonsense is that?"—and attached no importance to it at the time.

1609. You were quite satisfied to have carried out the work to the satisfaction of the Board, under these original specifications? There is no question about it: I have worked under the same specifications and conditions, and the same class of stone, and there was never a dispute.

1610. *By Captain Miles.*—Had you any correspondence with young Miles, as representing Derbidge & Co.? No.

1611. No correspondence with young Miles at all? No, no written correspondence; only telegrams, between Sydney and here.

1612. *By Mr. Mulcahy.*—Have any contracts that ever you have got into of this nature been the subject of litigation? There was one in New South Wales, when the Harbour Trust could not carry out their conditions so far as paying, and the Government took it over, and referred it to arbitration, and I got an award of £13,000. I commenced an action, but there was no litigation; they were bankrupt, and had no money to pay.

1613. Was the first letter you received signed Derbidge, or Derbidge & Co., through someone else? It was signed Derbidge, or I could not swear it was not Derbidge & Co. I really suspected that Captain Miles was some way connected with the matter of writing that letter.

At 4 P.M., the Committee adjourned till 10 A.M. next day.

THURSDAY, 7TH SEPTEMBER, 1899.

THOMAS WALTER HUNGERFORD, *recalled and further examined.*

1614. I would first of all like to say, Mr. Chairman, that I have an explanation to offer of the answer I gave to Mr. Archer's question yesterday. He asked me whether I thought it was correct of me to "plunder the Government," as he put it. I can assure him that it is a daily occurrence in large centres for contractors to make arrangements previous to tenders being accepted. But I can assure you that I have never done anything of the sort myself, and think it should be a black mark against a contractor. I have faithfully fulfilled every contract I took in hand, whether it involved me in loss or otherwise.

1615. *By the Chairman.*—When did you first become aware that Leslie Miles was a partner of Derbidge's? I was not in Strahan long before I was told that Miles was a certain tenderer. That would be about three weeks before the first tenders were put in.

1616. Was it generally known that Leslie Miles was a partner with Derbidge? They all suspected it. I may say also that Stocks was a tenderer.

1617. Do you know Stocks? I have never seen him.

1618. Where does he come from? He was an overseer in Cockatoo Dock in Sydney.

1619. There is such a firm as Stocks & Co.? He was a foreman of works.

1620. You also suspected that Stocks & Co. were a partner of Derbidge? Not of Derbidge; but I suspected that Stocks & Co. were a partner of Miles.

1621. *By Mr. Mulcahy.*—You mean that Stocks & Co. is a name used? Yes, and the tender was withdrawn.

1622. *By Captain Miles.*—What reply did I make to you, Mr. Hungerford, when you asked me whether my son would go into the contract with you? Was that the last time of the tenders?

1623. When you met me in Strahan? So far as I remember, you refused my suggestion, and afterwards said, "There is my son; see him." At the time he was going into the bank, and you said I could go and see him.

1624. Then, the reply I made to you, when you asked me, was to refuse, and I referred you to my son? Yes.

1625. Now, although you attempted to discredit Derbidge & Co., because my son was in partnership with them, you still approached him with a view of getting an interest in the contract? Well, the plain facts of the matter are, that my sons, previous to my leaving Sydney, told me that, in consequence of the intriguing going on, the only chance of getting into the contract was to go to you and offer you a share in it. When I went to Strahan, you told me Derbidge was not going to tender; your son told me so also; but I was told in Strahan that, although you had told me all this, as a fact, you were going to tender in the name of Duff.

1626. I asked a question, and I should like to have an answer. Although you attempted to discredit Derbidge & Co., because my son was in partnership with them, you still approached him with a view of getting him in with you. In this letter which you wrote to Napier Bell you attempted to discredit Derbidge & Co. because of my son's connection with them, but afterwards approached my son with a view of getting him in with you? Yes, that is a fact.

1627. You said something yesterday about offering Leslie Miles a fifth, or a fourth, according as your friend decided to stand in or out: was this the final arrangement made with him? Yes.

1628. Then you left him, and did not see him again till tenders closed? Yes.

1629. And you made that arrangement with my son after you told him you had no confidence in either himself or his father? Yes; I told him at the start of the conversation I had no confidence either in him or his father.

1630. And after that you would have taken him in with you? Yes, I would; but I would take very good care he would play no pranks with me.

1631. You told young Miles that your sons were anxious that his father should have a share in the contract? Yes; they told me that from the intriguing that was going on, that was the only way I could procure a share in the contract.

1632. You told young Miles that, and later on when you were asked the question by a member of the Committee, you said it was the chairman of the Marine Board you approached, and not his son? I said what?

1633. You told young Miles that, but later on when you were asked the question by a member of the Committee you said it was the chairman you approached, and not the son? You are trying to bamboozle me. I tell you plainly again, my son told me to offer you a share in the contract, to go halves in the contract; that was the arrangement when I left Sydney. When I came to Strahan I was told by a friend that although Derbidge was not going to tender, you, through Duff, were going to tender.

1634. Who told you? I certainly refuse to tell you that.

1635. *By the Chairman.*—I certainly think you ought to answer that question? I certainly shall not answer that question. It was told to me in confidence, and I shall not divulge what was told to me in confidence; that would be a great breach of confidence. But it was no secret.

1636. *By Captain Miles.*—But you have disclosed the purport of what was told to you in confidence, and I want to find the man and bring him here? I will, if you like, communicate with

the man, and if he has no objection, I will disclose his name, and let him come here and give evidence.

1637. I think I am entitled to know where this information came from? Nothing in the world will induce me to tell, without the consent of the man. But it was no secret.

1638. *By the Chairman.*—Mr. Hungerford, this might make a way out of the difficulty. Will you go out into the waiting-room and write a telegram to this man, which you will seal up in an envelope, when it will be taken direct to the telegraph office, asking him to give his consent to your disclosing his name,—will you allow me to speak to Mr. Morrisby? I want to know the man's name from Mr. Morrisby; I really don't know the man's name myself, but I can describe him to Mr. Morrisby, and he will know who I mean.

Capt. Miles: I object to that.

Mr. Morrisby: I may mention that I do not know who it is that he is talking about.

Witness: No; but I think I can make Mr. Morrisby understand who is the man I mean. I can describe him, and Mr. Morrisby would know who it is.

1639. *By Capt. Miles.*—But you first of all said you would not divulge the man's name, and now you say that you don't know it? I heard the name, but I forget what it was. He was a perfect stranger to me, and I am a stranger here.

1640. But you believed all he said? I did.

1641. And you come here and give what he said as evidence, and you will not give up his name? It was a confidential conversation.

1642. If it was a confidential conversation why bring it up here? Another way would be for me to refer to Mr. Gaffney. He will know the man's name when I describe him, and then I could send a telegram asking his consent if you like.

Capt. Miles: I may say, Mr. Chairman, that in my opinion this is not evidence, and it should not be taken here unless from the man himself.

The Chairman: Mr. Hungerford has made a statement as coming from a certain person, and when asked to divulge the name he backs down.

Mr. Hungerford: There is nothing will induce me to divulge a confidential conversation.

1643. *By the Chairman.*—But you have done it? But not the man's name.

1644. But you should not have done it unless you were prepared to go on with it? It was a private conversation, and I don't think I am justified in divulging the name without his consent. It might injure him afterwards.

We will give you an opportunity of finding out the name and telegraphing to him, and if you get an answer before 4 o'clock it will be considered, and if you do not get his consent the whole matter will be expunged from the shorthand notes. For the rest of the time when you are not prepared to give your authority for any communication, I hope you will refrain from giving the communication itself.

1645. *By Captain Miles.*—You say in your evidence that you approached Captain Miles and told him you would like him to go into the job? I saw you first.

1646. And made a proposal to me that I should go into the job? Yes; I saw you in the morning, and did not see your son till the afternoon.

1647. And made a proposal to me that I should go into the job? Yes; and at first you said you would not care to do it, and afterwards said, "There is my son; you had better go and see him."

1648. Was anybody near at the time? I do not think there was anybody near enough to overhear our conversation.

1649. You thought that a proper thing to do? I regarded you as a contractor and nothing else, not as Master Warden.

1650. What made you think I was a contractor? By public rumour.

1651. Will you tell the Committee the name of any people from whom you heard this rumour? I heard it from a great many people in the town.

1652. Will you give the names, so that they may be called here? I do not think it is right to give those names. I know the name of the man who said you were going to tender.

1653. That is a different question,—we are talking now about the question of the tender the second time? The last time I went to Strahan there was nobody spoke to me.

1654. I am talking of the time you approached me and made me an offer to go into the contract, and you said you looked on me as a pure contractor, and not as Master Warden. I am asking you now where you got your evidence that I was a contractor, not Master Warden—you say, "from public rumour?" I considered your tender was Derbidge's; previous to that you were in with your son.

1655. You say you got this from public rumour? There was nobody spoke to me when I went to Strahan the second time. I got it all the first time.

1656. Long before the tenders were in? Long before the tenders were in.

1657. That was three months before tenders were put in? It was three weeks or a month before the first tenders went in. I travelled with you from here to Strahan on the steamer.

1658. But I want to get back to this public rumour that I was contractor for the work—I want the names of your informants? There was no rumour at the last time I went down; it was known that you were in the contract yourself.

1659. *By the Chairman.*—You say you knew this from public rumour? Not this time; it was when I first went to Strahan.

1660. Who did you hear it from? Is it fair to ask me that question?

1661. Public rumour is nothing; we want the names of, say, two or three people who told you this,—you say public rumour, but you must give us the names of two or three that warned you against Captain Miles? I have the name of one gentleman, but am not in a position to disclose his name.

1662. Was it only this one person? No, there were others.

1663. Who were they? In the course of conversation it was mentioned by many.

1664. Give us the names of three? I will not give you the names of any, because I think it would be a breach of confidence.

1665. No; but this is public rumour; you must have heard it somewhere—whom did you hear it from? I am not in a position to give the name of this gentleman, and I will not.

1666. Did you only hear it from one gentleman? I heard it from two or three; I could give the names of two.

1667. Will you give those names? No; one of them is the name I have already declined to give.

[Mr. Hungerford and all strangers withdrew, and the Committee deliberated.]

Mr. Hungerford was recalled and said:—One thing I have thought of that may meet the difficulty. You are at perfect liberty to wire to my son in New South Wales, and he will corroborate my statement. I will not interfere in any way with your wire, and I am quite certain he will corroborate all I have said.

1668. *By the Chairman*.—You have made use of information in this inquiry, and given us information which you now say is private; you have made use of certain communications which you now say were confidential; and you also say that you learned that Captain Miles was a contractor from public rumour. We must insist upon your giving us the authority for this public rumour. Public rumour must mean two, three, or more persons, and when you say public rumour, you must have heard it from more than one person. At any rate, if you only heard it from one person, you must give us that person's name. I must tell you that this Committee has very strong powers granted to it by the House of Parliament to make you answer all relevant questions, and we consider this is a relevant question. If you had said, "I cannot answer that question because it is merely hearsay, and came to me under the seal of confidence," no objection could be taken. As it is, you have made it part of your evidence taken yesterday, and you will not give the information we require. Now, we must insist upon this name being given. Public rumour is nobody but the man at the street corner, and he does not tell anything under the seal of secrecy. The House of Parliament has granted us power to get all answers to our questions, and though we are loth to force you, we must insist upon an answer to this question? Mr. Gaffney will know the man I mean, and if he comes here, I will get the name from him of the man who told me Captain Miles was a tenderer, and if Mr. Gaffney thinks it would injure him, I will not give his name. As regards the other rumour, you may send a wire to my son, and he will corroborate my statement.

1669. That will not be satisfactory. How many did you hear this public rumor from? I could not very well say.

1670. Did you hear it from three people? I heard it on the wharf when I was about leaving Strahan the first time I went there. There were a good many on the wharf at the time, and there was a friend of mine introduced me to another party, and he cautioned me about Captain Miles. I would have no objection to showing the Chairman a private letter from this person, if he regards it as private and confidential.

1671. No; we cannot regard anything as private put before the Committee. Will you answer the question now,—who were your authorities,—we insist upon the question being answered? I can give you an authority, the name of another gentleman who was present and heard the same thing.

1672. Who was that? A gentleman named Thorsby.

1673. *By Captain Miles*.—He heard what this man said? He heard the conversation to other people.

1674. *By the Chairman*.—And was this the only man who gave you this information? He heard the conversation that other people gave, and I presume the whole town knew that Captain Miles was going to tender for this work.

1675. Well, we must insist upon you giving the name of the person who informed you that Captain Miles was a partner in the firm of Duff and Co.? Well, I tell you honestly, I cannot remember the name; when Mr. Gaffney comes, I will be able to get it from him.

1676. *By Mr. Mulcahy*.—Are you willing to give us the name then? I will tell you this much—this man did not bind me to secrecy, but I do not think I am at liberty to divulge a private conversation.

1677. *By the Chairman*.—But you have divulged it. I have not divulged his name.

1678. But having given the information you must give the name? Well, get Mr. Gaffney, and I will act upon his advice as to divulging name. But I do not think it is a course I should be forced into.

You have brought it on yourself. You have given the Committee the gist of a certain conversation, which you said was confidential; you have broken confidence, and we must now have the name.

1679. *By Captain Miles.*—You said that you looked upon me as a pure contractor, not as Master Warden—now, how did you know that I was a contractor? From the source I told you of before.

1680. It is not the same man who told you about Duff? No, it was not.

1681. I want to know who it was told you? I have already told you Mr. Thorsby was present.

1682. I want to know who told you I was a contractor for this work—you say you got the information outside—I want the names of the people who gave it to you, so that they may be brought here to give evidence? I have told you Thorsby was present, and that should be quite sufficient.

1683. I want the people who gave this information? He was there when I got this information.

1684. *By the Chairman.*—Did you get the information from any other source? That was the source principally.

1685. Was it the sole source? I think it was the sole source; but I have had several conversations with other people.

1686. Who were the other people? I was a stranger to Strahan, and could not tell their names.

1687. Can you describe them? I could describe the one man who told me about Duff to Mr. Gaffney; I could not tell you his name, no matter what you said.

1688. You have given us certain information as facts, and you will not verify these facts? They are positive facts; I have no object in stating anything else.

We want evidence to support them.

1689. *By Mr. Mulcahy.*—There was a certain person present—a Mr. Thorsby was there—when you received information about Captain Miles? Yes, there were several persons, and they heard what was said.

1690. Mr. Thorsby was there, at all events? Yes, he was there.

1691. Therefore the communication was not confidential—it was public property? Not at that particular time. I had other conversations after that which were strictly private, and I regarded them so.

1692. But we only ask you about the particular conversation at that time? Well, the party who warned me said he would not like to be brought into the matter at the time.

1693. *By Mr. Archer.*—Yet this other man was present? He was present.

1694. *By Mr. Mulcahy.*—And heard it? Well, he might have heard it. I could not swear that he did. They were close enough.

1695. What objection have you to give the name? It might injure the man afterwards. That is the only and sole objection.

1696. *By Captain Miles.*—Can you tell us the exact time you got this information? When I was leaving by the steamer. I knew this Mr. Thorsby, but did not see him, and he recognised me. It was some years since I had seen him; and he introduced me to some other party, and the conversation turned about contract. The result I have given in evidence.

1697. When you were leaving Strahan? Yes, when I went there first.

1698. *By the Chairman.*—Before the 17th April? Yes.

1699. *By Captain Miles.*—You said in evidence, when you first arrived in Strahan you were cautioned by a party to be careful of Captain Miles? Was that the caution when I first went to Strahan?

1700. But these are your words, I believe, “When you first arrived at Strahan you were cautioned by a party to be careful of Captain Miles?” Yes, that was when I first went down.

1701. But, speaking of Thorsby, you said you heard this rumour when Thorsby was present? They all seemed to know about it.

1702. But the statement you made yesterday was that it was an individual who told you? So it was.

1703. Now, who was that individual? That is the one I have refused to disclose.

1704. Mr. Bell wires, on the 26th May, “Have seen Hungerford? If his statement is true, fresh tenders should be called.” What was the statement you made to Mr. Bell? I told Bell, when I was going up to my works in Foster, where I have a harbour contract, I was carried past the station, and had to stop a night, so went up to see Bell, and told him that the day previous to signing the contract you came here to Hobart and insisted upon certain conditions being embodied in the specification, and he said he was not aware of that, he thought it was the same conditions that were originally in the specifications. He said he did not understand it, he thought the same conditions that were in the original specification were to stand. He was misled.

1705. Was that all you told Bell? Oh, no, I cannot remember all I told him; we had a long conversation.

1706. Did you tell him about the intrigue? I did, I told him I was afraid of your intriguing.

1707. You told Bell that you were afraid of my intriguing? Yes, so I was.

1708. What action of mine do you refer to as intrigue? Well, the bringing in of new conditions to prevent me signing the contract.

1709. You were referring to the action of bringing in the interpretation clauses? Call them interpretation clauses if you like, yes.

1710. You were referring to that action? Yes, and being warned about you before.

1711. You told Bell you were warned about me? I think I did. Mr. Bell is at perfect liberty to tell all I said to him.

1712. You wrote a letter to him? I did.

1713. You wrote this letter (letter produced—see Appendix)? I have not read that, but I take it it is an exact copy.

1714. Now you wrote to Bell: "I feel convinced that the Chairman is intriguing, and he has no idea of allowing fresh tenders being called; he will work heaven and earth to give the contract to his son, and you and I know what the son means"? Yes, it means you.

1715. You say that now? Yes, that is my private opinion.

1716. Can you tell the Committee what you base that opinion on? From circumstantial evidence. I was warned about you.

1717. But you have not given us the author yet? I cannot divulge the man's name, I can take any responsibility of anything I have done myself, but will not bring in other people who may be injured.

1718. You say—"I will not be had by Miles"? I would not come here to give evidence against you unless I felt aggrieved at your action in first telling me that Derbidge was not a contractor; your son telling me he was not a contractor; and then telling me you put in your tenders; and your son had the assurance to come to me and tell me he had put in a fresh tender.

1719. You also say—"I don't care one rap for the contract, but I will not be had by Miles"? Yes, and I will not.

1720. This was before the second tenders? I had no idea that fresh tenders would be called. You intended to give it to Derbidge; you told me that yourself.

1721. And—"I will publish in every newspaper his interest in it"? You are pretty well known in the colonies. You are just as well known in New South Wales as you are here.

1722. Perhaps so. I hope I am? Yes, but not favourably.

1723. All I can gather is that you wrote this letter because you believed there was something wrong going on in connection with the new clauses in the contract? I knew there was no necessity for those clauses being inserted, unless for the purpose of preventing me from signing that contract.

1724. And that was the reason you wrote that letter? Yes, that is one of the reasons.

1725. What were the others? If you read the letter it will speak for itself.

1726. Oh, yes, the letter is very plain—then that is the only reason you will give us? Yes, because I am perfectly satisfied in my own mind that you brought in those clauses to prevent me signing the contract.

1727. That is your opinion? That is my candid opinion. There could be no other reason, because there is no necessity for them.

1728. And that is the reason that you wrote this letter? Yes, because I thought you would be intriguing. I did not know what you would be up to.

1729. You wrote the letter to the *Zeehan Herald* on the subject of the contract? Yes, and I signed my name.

1730. You referred to the intrigue there, that is, you referred to something — ? I referred to something that if I had you in the witness-box you would have to answer my question or perjure yourself.

I want an answer to my question.

1731. *By the Chairman.*—Has anybody got that letter? [Letter, as published in *Zeehan Herald*, produced.]

1732. *By Captain Miles.*—The intrigue you speak of there refers to the same matter as this letter that you wrote to Bell? The intriguing I allude to is your bringing in those conditions which I consider were not required in the contract, and bringing them in the very day the contract had to be signed.

1733. You said yesterday that on the way to Strahan, on board the steamer, that Miles said he had arranged to take the tenders to Bell in Sydney? Yes.

1734. And deal with them? Yes.

1735. And you wired Bell about opening the tenders? Yes.

1736. Can you get your copy of that wire? You can get it from Strahan, and Mr. Bell is quite at liberty to show it. The telegram was signed by Hungerford & Langtree.

1737. *By the Chairman.*—About what time was it sent? A few days before the first contract was tendered for.

1738. *By Captain Miles.*—Can you tell us the purport of the telegram? When I wrote I had good reason to consider that the tenders would not be dealt with in a fair manner, and requested him to see the tenders opened publicly.

1739. That was before tenders were opened? Yes.

1740. You were suspicious, then, that you would not get fair play? Yes.

1741. What caused you to be suspicious at that time? I was suspicious from the very first time I saw this man.

1742. But this conversation you had with me was before you saw this man? I cannot answer that, but I regarded it as suspicious that you should propose to take the tenders to Melbourne, and open them there.

1743. And you are certain I said that? Yes, quite certain. I told Langtree, and in consequence of that we sent our telegram to Bell.

1744. Were you tendering or contracting with Langtree at that time? No, I had nothing to do with him.

1745. After tenders were opened, you sent a telegram to this friend of yours in New Zealand Meddings, asking him to go and see Derbidge, and find out if he would buy your or sell his interest in the contract? Yes, something to that effect.

1746. You were prepared either to buy or sell? Yes.

1747. And you said that Derbidge would not at first admit that he was in the contract? Yes.

1748. Did Derbidge afterwards admit and Meddings wire that he could not draw him? Yes, that is so.

1749. Did Derbidge admit it? Derbidge did not consent to any of my proposals.

1750. But you told Mr. Bell that you had been in communication with Mr. Derbidge in this matter? Yes, I told Mr. Bell pretty well the whole occurrence.

1751. Did you tell Mr. Bell that you had been in communication with Mr. Derbidge, and offered to buy or sell? I do not know that I told him that particularly. Mr. Bell is quite at liberty to tell any conversation I had with him.

1752. You may have told Mr. Bell, but you are not certain? Yes.

1753. Then you discovered at that time that Derbidge was a real man, and not a dummy? I consider him a dummy now; I felt it was you.

1754. But if you had thought him a dummy would you have wired to him? I wanted to make sure that you were a partner.

1755. And did you discover that? I surmised it from the first.

1756. Did you then discover, from this communication you had about Derbidge, that I was his partner? Not from the communication.

1757. Did you discover from the correspondence that I was a partner of Derbidge? I told you I had no conversation with Derbidge. It would be impossible, as he was in New Zealand and I was here.

1758. But your friend, Meddings, had a conversation; did he discover that I was a partner? There is the letter; it speaks for itself. He said his principals were here.

1759. Did he indicate in any way that I was connected with him? He did not mention your name.

1760. You said yesterday that, prior to leaving Strahan, you discovered that Derbidge meant Miles; how did you discover that? I surmised it.

1761. You surmised? Well, it has turned out correct, has it not?

1762. I am asking you questions now, not you, me. You say you discovered that Derbidge meant Miles; how did you discover that? I was perfectly convinced in my own mind that it meant Miles; but it was a surmise on my part.

1763. Was there any evidence that led you to think so? I knew very well that Derbidge was not here, that he was in Christchurch. I knew he had not come to visit Strahan for some years, and I came to the conclusion that if he was going to tender, he would come over and see it; if Derbidge is the man that means to carry on that contract.

1764. And you came to the conclusion, that because Derbidge did not come to see the contract, therefore, Derbidge was Miles? Oh, there were a great many surroundings. I was convinced in my own mind that Derbidge meant you; your son told me, at all events, that he was a partner of Derbidge.

1765. Of course, I know that. I am talking of my connection. You said it meant me? Yes; and in my opinion it meant you. In any case, your son told me he did not mean to superintend the contract.

1766. Can you recall anything from your mind that will bring out how you thought Derbidge was Miles? That was, I was told to be careful of you, because you could not put in a contract in your own name, but I am morally convinced you were the man in New Zealand.

1767. You said I could not put in a contract in my own name? No; being Chairman of the Board.

1768. And you tell us you went to the Chairman and asked him to go in with you? I did.

1769. You did not think that improper? Oh, I looked on you as a contractor not as a Master Warden.

1770. You received a letter from Derbidge, saying your price was a ruinous one, can you say how this letter was signed? It was signed Derbidge, and wrongly spelt, and even the contractor's name is not properly spelt.

1771. You say Derbidge and Co. was wrongly spelt? Yes, spelt wrongly in the contract.

1772. Can you tell us what the name is? D-u-r-b-r-i-d-g-e is the proper name.

1773. You say Durbridge is the proper name, and what person are you dealing with? With the person that had the contract under Napier Bell.

1774. Where is that letter now? It must be in my house.

1775. Did you know when you came here what you were coming for? I got a letter stating that there would be a Parliamentary inquiry, and my evidence was required.

1776. Who did you get that letter from? I got a cable.

1777. Who from? From Mr. Morrisby.

1778. Mr. Morrisby sent you a cable—that your evidence would be required? Something to that effect.

1779. You knew you were coming to give evidence? Yes.

1780. Did you not think it a matter of importance that you should have this very important letter? I did not know that I would be required to produce any documents, and in reality I thought I had it in my pocket-book.

1781. And you came without that letter because you did not expect it to be required? The letter is in existence, and it can be got.

1782. Did Derbidge and Co. write any other letters? No, that is the only one.

1783. They sent you a telegram, which reads, "leaving Friday: Junior partner will meet you on arrival with full power, dated from Hobart, 27th, signed Derbidge and Co." Did you do anything to induce that telegram? There were several telegrams. The letter was the first thing that came to hand, offering me £250, saying my price was ruinous, and he would give £250 for my expenses.

1784. And what happened then? To the best of my knowledge I sent a wire to Derbidge and received another one. He wanted me to name a figure that I would withdraw my contract at. I told him I would not do anything by wire, and that I was coming to Hobart.

1785. Did you make any proposal to Derbidge by wire? No, I am quite certain I did not.

1786. What was the nature of the wire from you that brought that reply? (Paper produced.) Well, I sent a wire to him saying I would be coming here; but, of course, I knew Derbidge was not here; it must be someone else using his name, and I refused to transact any business through the wires, and told him I was coming here.

1787. You say you sent a wire saying you were coming here? Have you got that wire? I have got it; but I am blessed if I think I have got it here (witnessed searched pocket-book). No, I have got nothing in connection with that in my possession now.

1788. But are there any in existence? I believe there are, because I do not remember tearing them up. (Telegrams subsequently produced. See Appendix.)

1789. Can you tell us how you came to bring this particular telegram and not the others? That I cannot tell any more than the man in the moon. It is a wonder that I brought that here.

1790. You had sent a telegram to Derbidge & Co. which brought this reply? Yes, I had.

1791. And you have not got a copy of it? No, I have not got a copy of it.

1792. Well, I have. Here are the telegrams. Did you send this one on 26th April; also this, dated 27th April, from Sydney, addressed to Derbidge & Co., c/o Union S.S. Co.? (Reads telegram. See Appendix.) Yes, that is quite right.

1793. And this one came in reply? (Reads telegram.) Yes.

1794. Then there is one of the 25th? Yes, very likely.

1795. Then you sent another saying you would be in Hobart on Saturday? Yes, that is so.

1796. Now, you say in that telegram that you have a proposal to submit that it is not advisable to cable. When you arrived here did you submit a proposal? No, I do not think I did. Your son met me in the principal street—I think it is the principal street—the one with the asphalt on it,—and said he represented Derbidge & Co.; and, as it was the Saturday night, I told him he had better come in on Sunday and see me at the hotel.

1797. And what proposal did he submit? He said he would give £400, I think it was, if I would withdraw my tender; I demurred and he kept on increasing it till it came to £1000.

1798. Then you did meet a partner of Derbidge? I met your son.

1799. Then there was somebody representing Derbidge and Co.? Yes, I met Miles.

1800. You said yesterday you offered to take £1000 and a fourth share, and he offered to give £1500 and a fifth share? No; I did not do that. I offered to take £1000 and a fourth share, or give £1000 and a fourth share.

1801. What was your offer about £1500? To pay that amount to Derbidge if he made the transfer. I even brought the transfer in my pocket from Sydney. I had it prepared in Sydney.

1802. You brought it from Sydney to transfer direct from whom? From Derbidge.

1803. And for this you offered £1500? Yes, if his contract was accepted.

1804. And young Miles would not agree to this, and the conference came to an end. Did you put those proposals in black and white? I gave him a memo. (see Appendix) that I would either give or take £1000 and a fourth share. I would give £1500 if his contract was transferred, provided the Marine Board accepted his contract.

1805. Have you a copy? No; on the spur of the moment you cannot think of these things.

1806. Did you leave that in writing? It was a mere slip torn off a piece of paper.

1807. *By Mr. Mulcahy.*—Did you give it to him? I gave it to him, and no doubt he has got it.

1808. *By Captain Miles.*—You wired to Derbidge that you had a proposal to submit, and came over prepared with a transfer, and met young Miles and made this proposal, which you put on a piece of paper, and Miles refused? I believe he did refuse.

1809. Because the junior partner of Derbidge would not join you, was that the cause of your bitterness? No; you were the cause—you know well it was the deception in the last contract.

1810. The deception in the last contract? Yes; that is the sole cause.

1811. Now, I am going back four months, when you came down here to get this arrangement with Derbidge & Co.; that is months before the second contract; therefore, it could not be the cause of any bitterness? The last contract is the cause of my bitterness with you.

1812. Did the last contract cause that letter to Mr. Bell? That was the climax.

1813. You tried the senior partner in New Zealand through Meddings? I felt convinced in my own mind that you were Derbidge & Co., and sent a wire to Meddings to find out from Derbidge if he would acknowledge that you were a partner of his.

1814. You tried the senior partner in New Zealand through Meddings, and the junior partner in Hobart direct, and both refused to have anything to do with you? That is not so at all. I got a letter from you, as from Derbidge & Co., offering me £250 if I would withdraw my contract.

1815. You have already told us you made certain proposals to young Miles, and he refused them? He proposed to me first. When I had refused your son's proposals then, I made mine, and you came down a couple of days afterwards and said you would get new interpretation clauses put in.

1816. And you have already told us you wired to New Zealand through Meddings, and made certain proposals to Derbidge, which he also refused? Yes.

1817. You tried the senior partner and the junior partner, and neither of them would have anything to do with you? Not at all true, for your son offered me £1000 if I would write to the Marine Board, and refuse to take up tender.

1818. Your evidence is that you made certain proposals, which are in black and white, and young Miles would not accept them? When I refused his proposal, I said, "You can choose either of these four proposals.

1819. And he did not choose any of them? He did not choose any of them. Then you came down with your interpretation clauses and said that you would insist upon having them put in.

1820. Then I came down with my interpretation clauses and said I would insist upon having them put in—but it was prior to the interpretation clauses that my son refused to transfer to you? He refused to give me a fourth share and the £1000.

1821. That was before you knew anything about the interpretation clauses? Before the interpretation clauses.

1822. Then the interpretation clauses could not have influenced you? No; I did not know of their existence.

1823. Then you were conducting your negotiations with Derbidge & Co. under the belief that the old contract would obtain? Just so.

1824. And they had no effect upon you? They could not have. I did not know about them.

1825. *By Mr. Mulcahy.*—Where did the conversation between you and young Miles take place? He met me in the street on Saturday night.

1826. In Hobart? In the main street—the one that is asphalted. He came to me and said he represented Derbidge & Co. I told him he had better come in and see me at the *Metropolitan Hotel* on Sunday.

1827. Was that the time you gave him the proposal in writing? No; that was several days after; we had several conversations. The offers I made were on a small piece of paper written in lead-pencil.

1828. *By Captain Miles.*—You stated yesterday that Derbidge & Co. informed you the Board would return your deposit, as they had already returned the deposit of Stocks & Co.? Yes; that is in the letter that was headed from Hobart, and of which the post-mark is Strahan.

1829. And in that letter Derbidge stated that the Board would return your deposit, as they had already returned that of Stocks and Company? Yes.

1830. You have said you saw Captain Miles in Hobart on May 5th, and Miles stated that he would insist upon the interpretation clauses, which would compel the contractor to start with 15-ton stone instead of 10-ton stone; is that true? Yes.

1831. Do the interpretation clauses say anything of the kind? You have raised the minimum weight to 15 tons in those alteration clauses.

1832. Did the interpretation clauses fix the minimum at 15 tons instead of 10 tons? Yes, as far as my memory serves me at all events.

1833. Will you read the interpretation clause and see if it does state that? (Paper handed to witness.) Will you look at the interpretation clause and see if it does fix the minimum weight at 15 tons? Yes, that is it, 15 tons.

1834. But I ask you, does it fix the minimum weight at 15 tons instead of ten tons? You have to fix an average of 15 tons.

1835. Does it not read the average of that class shall not be lower than 15 tons? Yes.

1836. You told Mr. Bell you intended to carry out the spirit of this contract? Yes, undoubtedly.

1837. What would that be, as far as regards the stones? The spirit of the contract would be to get all stones over 10 tons, which would not of course be over the lifting capacity of your crane.

1838. What would be the lifting power of your crane? I intended to put on a crane something similar to that I used in New Zealand to lift 25 tons, or it would lift 27 or 28, in fact I have lifted 30 tons with it.

1839. If you had a crane of 25 tons capacity, would you say that the spirit of the contract saying stones from 10 to 20 tons would be met with by, say, of an average of 15 tons? No; that raises the class altogether. I have worked for many harbour works, and could not tell you what average of stone I put down.

1840. Would not a fair interpretation of 10 to 20 tons be an average of 15 tons? No; it is not a fair interpretation. Any stone of from 10 to 20 tons would do, checked as they came from the quarry.

1841. Well, then, you take them as they come from the quarry—would not they average 15 tons? I do not think they would.

1842. Well, a 10 and 20, a 12 and 18, two 15's, would all be 30 tons for the two—in that case would not that be a fair weight? Oh, they never think of that in harbour contracts; and it is ridiculous.

1843. But I am trying to find out where the unfairness comes in? Because it fixes the average at 15 tons, and if they do not come to 15 tons all that class of stone goes into a lower grade.

1844. It fixes the average at 15 tons—well, what would you think a fair average in the first class? I cannot answer that question. I have put into the contracts I have already done all the big stone I could find.

1845. You would put on trucks and cranes with a capacity of 20 tons? Up to 25 tons.

1846. Then, if you had cranes to lift that average, where does the injustice come in? Because it is a big average, and you might not get that in the quarry; and you will find it out; by working it out; it is a big average.

1847. Do you remember being outside the office, at Strahan; when the first tenders were opened in Strahan—do you remember discussing the various tenders outside the door? Not so far as I am concerned; we did not.

1848. You do not remember the contractors being together talking of the different tenders? No; they knew I knew more about harbour work than the whole lot of them put together. There was none of them made remarks about my price.

1849. You know M'Kay? Yes; he was my partner at one time.

1850. Do you remember his saying that you might have been £10,000 higher, and still got the contract? Yes; he might have said so.

1851. They were chaffing you about your price? No; not one of them dared to chaff me. I know my business better than that.

1852. Do you remember saying that your price was good enough; that they had tendered for maximum and you for minimum weights? Oh, nonsense, that is a fairy tale of yours.

1853. And if such men as M'Kay and Palliser make that statement will you still deny it? I would say they were telling an untruth.

1854. You told us that if the work was faithfully carried out it would be worth £5000 more on the second than on the first specifications? Yes, I believe it to be so.

1855. And you say that you took that into consideration, and that your second tender was some £6000 higher than the first? As far as I remember. I cannot carry numbers in my head; I could not even tell you the exact amount of my tender.

1856. Could you tell whether it was £39,000, or £43,000? I think it was £39,000 but I am sure I could not tell. Once these things are done with I forget all about them.

1857. Can you tell us what the first tender was? No, I could not tell you; I never can fix things like that in my head after the tender has been put in.

1858. When you declined to sign the tender in Hobart you asked for ten days' grace in which to complete? I did not ask for ten days, I asked for some time, and you gave me ten days.

1859. Was that the action of a man trying to block you in the contract? It had no importance in it. I should imagine it would be more in your favour. You know, as a keen man, that my object in going to Sydney was not to see my sons, but to consult my lawyer as to my position.

1860. What was your object? I knew very well that such conditions could not be enforced, but I wanted to have a sound opinion.

1861. Did you consult your lawyers in Hobart? No; I wanted to consult my lawyer in Sydney. When I came here I went to Mr. Perkins, who was recommended from Sydney, and told him I was a stranger here, and in case I wanted legal advice would like to be recommended to a decent lawyer, and he recommended me to Roberts and Allport.

1862. Then you went to them and got advice? Not till after I came back from Sydney.

1863. And you got this 10 days' extension of time? Yes.

1864. When you came back to Hobart and objected to sign the contract you wired to Napier Bell about the clauses? I do not know that I wired him then. I know I wired to Bell about these clauses, and told him I could not accept them. Napier Bell told me he thought these conditions were embodied in the original specifications—he was deceived in the matter.

1865. You sent this wire to Bell on the 17th May, the same day that you refused to take up the contract? [Reads telegram—see Appendix.] Yes, I sent that telegram, but I really could not say when I sent it.

1866. Now you say that the Board contemplated calling fresh tenders; how do you know that? I don't know how I knew that; I must have known it somehow or other.

1867. Well, you stated in telegram the fact that the Board contemplated calling for fresh tenders? I must have had some cause for saying that. As far as I remember now, my son had some conversation with Duff, who was a tenderer—was he not—and Duff told him that they knew what was going on in Strahan relative to the contract, and they were going to call for fresh tenders.

1868. Duff told your son, and your son told you? Yes; it was down here he had a conversation with him, and said they were perfectly aware of what was going on with the contract?

1869. Who were? The people in Strahan.

1870. The people in Strahan had nothing to do with the Board calling for fresh tenders? In consequence of what my son said to me, I worded that telegram accordingly.

1871. But this telegram is sent before anybody had any time to know anything about the fresh tenders being called? Yes, I sent it directly I heard. You may puzzle me as to dates because I have no memory for dates, but I remember facts.

1872. Did you make statements in this telegram that were not correct? I do not know.

1873. You say the Board contemplated calling for fresh tenders,—where did you get that information from? From my son.

1874. Where was your son? He was here at that time. I remember him telling me he had had a conversation with Duff.

1875. Which Duff? I don't know; I presume it was the one who tendered—the slight man.

1876. Were they in Hobart? They were in Hobart.

1877. Was your son in Hobart at that time? He must have been.

1878. Mr. Duff was here? He must have been; and he told my son they knew what was going on in Strahan, and that you were going to call for fresh tenders.

1879. You go on to say that you feared that Derbidge would secure the contract without further reference to Bell? Yes, I did fear that.

1880. Why? You told me you would have given it to Derbidge.

1881. When was this? In Hobart.

1882. Before the date of this telegram? I could not give you the date.

1883. Was anybody present? No; you remember for yourself, if you have a memory.

1884. And you go on to say the Chairman's son is a partner of Derbidge: what was your object? To show that you were interested.

1885. You wired to Bell that the Chairman's son is a partner with Derbidge, to show that I was interested? That you were implicated in the matter.

1886. You told us yesterday how Derbidge & Co. were going to benefit by giving you £1000 to withdraw your tender? I told the plain facts.

1887. Yes, you told us how they were going to benefit: now, how would you benefit by giving Derbidge £1500 to withdraw their tender? Because you were above my price.

1888. But you said you offered Derbidge & Co. £1500 to withdraw their tender? Not to withdraw, to transfer to me.

1889. Your offer, you say, was £1500, to transfer? I think so. I am certain that it was £1500 I would give for transfer of contract from Derbidge to Hungerford.

1890. Were you interested in Langtree's tender? Not in the least.

1891. Did the Board or Mr. Bell offer you the contract in Sydney on the old terms and conditions? I said in my evidence that he had done so.

1892. And in the Boardroom in Strahan you were offered it again? You put it in a curious way; you said, "if the thing was offered to me would I accept." I said, "No."

1893. You said yesterday it was offered? Yes.

1894. Have you been in communication with any member of the Strahan Marine Board since you were here? No; I never had occasion to communicate with any member.

1895. Have you done so verbally? The only member of the Board I know is Mr. Morrisby.

1896. Have you discussed this with Mr. Morrisby? Yes.

1897. You told me that Mr. Morrisby sent a cable for you? Yes.

1898. And you have been in close communication with him? I told him that my time was valuable. I have horses engaged in the Spring Meeting at Randwick, and it was a bad time for me to leave Sydney. I wrote out what I knew about the contract, and said, "Now, if that is any use to you I am prepared to tell the truth, but if not I would like to get away." He said, "It is of some use to me."

1899. Have you seen any of the evidence given at this Committee? No, nothing of the sort.

1900. Have you heard any of the evidence given? No, I spoke to Barrowman yesterday, to see if he spread a report about my not intending to put in any stone over 10 tons, and I asked him yesterday if he had anything to do with that rumour, and he said no, but had no conversation with him.

1901. You have seen no evidence that has been given before the Board? No, and I have no desire to see it.

1902. *By Mr. Mulcahy.*—When you came to Hobart, after having received that telegram you came suspecting that Mr. Derbidge was not in Hobart at all? I knew perfectly well he was not here.

1903. When you came here did you make any inquiries as to whether he had been here? No, because I knew very well he had not.

1904. Did you make any inquiries who had sent the telegram purporting to come from him? No, but I surmised it came from young Miles.

1905. *By Mr. Aikenhead.*—Reference has been made to a letter sent by you, dated August 1st, to one of the West Coast papers. What paper was that? Really I couldn't tell you what paper it was.

1906. Did you send copies of that to Members of Parliament? I did.

1907. Did you direct the envelopes yourself? No.

1908. Who did? Well, is that a fair question?

1909. *By the Chairman.*—I think so. These came to all Members of Parliament, and apparently with your authority, and I think you should tell us who addressed the envelopes? I do not think it is important.

1910. I think it is important; you give this information to Members of Parliament, and I think we ought to know exactly how it came? I acknowledge that I wrote that letter, and sent it to Members of Parliament.

1911. And who addressed the envelopes? I could not tell you his name.

1912. Do you know his name? No; if his name was spoken to me now I could not tell it.

1913. Where were they sent from? Strahan.

1914. Did you post them in Strahan? They were posted in Strahan.

1915. Did you post them yourself? No.

1916. Who posted them? The same party who addressed them.

1917. Are you sure they were posted in Strahan? He told me they were posted in Strahan, I gave him a sovereign to defray any expenses, and he told me afterwards there was no postage, that they were franked.

1918. *By Mr. Aikenhead.*—The same party who addressed them? The same party who addressed them.

1919. And do you mean to say you don't know the man whom you asked to address them? I tell you, on my honour as a gentleman, I could not give you his name. The same man who posted them addressed the envelopes. If you insist upon having his name I must wait till I see Mr. Gaffney; he will know who the man was, when I describe him, and will advise whether it will do him harm by disclosing his name. I must wait till I see Mr. Gaffney.

1920. He lives at Strahan? Yes, I think he lives at Strahan.

1921. Can you describe his appearance? No, I am no good as a detective. I would know him if I saw him.

[Information being brought into the room that Mr. Gaffney was outside, Mr. Hungerford withdrew to consult with Mr. Gaffney.]

Mr. Hungerford on his return said:—I have consulted with Mr. Gaffney, and he thinks I will be doing the young man no harm if I disclose his name, and I therefore tell you now that the man who addressed the envelopes is named Percy Evans.

1922. *By the Chairman.*—Then I understand this is the man who informed you that Capt. Miles was going to tender under the name of Duff? Yes.

1923. *By Mr. Mulcahy.*—Was that private letter you referred to this morning from the same gentleman? No, I don't think I ever spoke to him, only the last time I was in Strahan.

1924. *By Mr. Aikenhead.*—Will you look at that (hands paper to witness, headed "Dialogue.") Did you have anything to do with the circulation of that? Nothing whatever.

1925. *By the Chairman.*—This conversation that took place on the wharf at Strahan, on the occasion of your first visit there, which you have stated was in the presence of Mr. Thorsby, was that with Percy Evans? No, I did not know him then.

1926. Who was that? The person that gave me the information whose name I am not in a position to disclose; but I have told you that Mr. Thorsby was present at the time when the party told me.

1927. Who was that party? Oh, I won't tell you that.

1928. It was not Percy Evans? No.

1929. Did you write that letter that appeared in the *Zeehan Herald* yourself? Yes.

1930. In your own handwriting? I wrote it out, and then showed it to a solicitor at Strahan. It was much worse when originally written, but he cut it down.

1931. We are going to adjourn now till 2.15 to-day. In the meantime you can wire if you like to the person who cautioned you against Captain Miles, and get his authority to disclose his name to the Committee; but as the case now stands you have told us you were cautioned against Captain Miles, and we must insist upon your telling who cautioned you against Captain Miles; we will give you time to think it over, and telegraph for permission to disclose the name? I will tell you plainly that what the man told me was perfectly confidential, and nothing will induce me to divulge his name.

1932. You have informed us of this confidential conversation? I have no object in view in coming here beyond giving my evidence truthfully, but should I give the name of that gentleman who gave me the information, I would be betraying confidence, and I will not do it.

1933. We will give you time to telegraph to him? I will not telegraph.

1934. Then we must deal with it. Will you attend here at 3.30 this afternoon, and we will give you till then to think it over; but the position is that you have disclosed certain confidential conversation; you have made it public, and we want your authority? I have told you that it was from a certain gentleman in confidence, and I will not give the name.

1935. Well, you have the wires, and can use them if you choose? I will do nothing of the sort.

1936. *By Mr. Mulcahy.*—That was your own proposition? No; I have given the name of one gentleman who was present, and who was with me, when I was cautioned about Captain Miles.

1937. *By the Chairman.*—Then, at half-past three we will call you again, Mr. Hungerford. At 1 o'clock the meeting adjourned till 2.15.

AFTERNOON SITTING.

JAMES JOSEPH GAFFNEY, *recalled and further examined.*

Committee resumed at 2.15.

1938. *By the Chairman.*—Mr. Gaffney, you have taken the statutory declaration? Yes.

1939. When did you first know that Leslie Miles was a partner of Derbidge & Co.? I could not quite be certain as to the date; it was shortly after the first tenders were opened.

1940. Shortly after April 17th? Yes.

1941. Had you ever heard before that date that Leslie Miles was a partner in Derbidge & Co.? Not that I could be certain; of course, there were different people at different times imagined things. They imagined that young Miles was in the contract; but I did not know till some few days after the tenders were opened. A man came to me at Strahan and said, "Here, I want to show you something," and he pulled out a letter; I did not look who it was written by, all I saw of it was some memorandum from the smelters up at Zeehan to a man named Thomas, at Strahan, and it went on to say young Miles was in the contract. Thomas was just showing me this to make me understand young Miles was in the contract. That was the only thing I saw or knew at the time to lead me to believe he was in the contract.

1942. You saw the interpretation clauses? I do not know that I read them: they came on at one of the meetings, but I cannot say I took them up to read them; the only specifications I remember reading were the specifications as they were first taken.

1943. Do you consider that they were in the interests of the Marine Board? Yes. Mr. Barrowman, our foreman, who was appointed foreman of works, had the specifications to look over, and I naturally thought they were required when he proposed that they should be put in the specifications.

1944. Do you consider that anything was done behind the back of the Board—something done that the Board did not know of that should have been communicated to them? I do not know of anything that was done that was not communicated to the Board; of course, there were alterations in the specifications—they were done previous to the meeting, and brought before the Board later on in the evening.

1945. And was everything that the Master Warden did during the intervals of the Board meetings approved at subsequent meetings? Yes.

1946. *By Mr. Archer.*—Do you remember at any meeting of the Board Mr. Morrisby moving that no further steps be taken in connection with the amendment of the specifications until Mr. Bell had been communicated with? Yes; I think I remember him moving that at one meeting, but could not exactly say when the meeting was.

1947. Was that motion carried? I won't be positive, but I think so; I don't remember.

1948. In reference to the amendments of the new tender, or what are called the interpretation clauses, do you think it was fair to the contractor to make these alterations in the specifications, and ask him to sign on his original tender. Do you think it was a fair way of dealing with a tenderer? Well, I and most of the members differed with reference to those specifications. I thought if I was a contractor that I would be compelled, according to the specification, to put the kind of stone that the foreman of works passed. As far as my experience of contractors went, I considered that if the foreman of works wanted, say a 20-ton stone in a certain place I would be compelled to put it there; but as there were such men on the Board as Driffield, Hales, and Hall, and they did not think so, I gave way. They did not think that the conditions were correctly stated in the first specifications.

1949. Before these tenders were opened was not there a rumour that Captain Miles was interested in one of the tenders,—that was before the tenders were opened? No, I can't say that I heard it before the first tenders were opened.

1950. You knew it for a fact after they were opened? Yes. Thomas opened the letter and let me read that portion where it said that young Miles was Derbidge's partner.

1951. Yes; but what you saw in that letter would not prove it to be true? That was the best proof I had, and the only proof that young Miles was in it.

1952. Do you know anything about Stocks & Co.—do you know if a representative of Stocks & Co. was at any time down looking at this work? Not to my knowledge—there was not. A good many of the contractors did come to look at it, and most of them stayed at my place, those of course I knew about; I could not say that there were not others that stayed elsewhere; but I never knew that Stocks & Co. had anybody down there.

1953. *By Mr. Mackenzie.*—Who told you that young Miles was a partner in Derbidge & Co.? A man name Thomas, who is a shipping and forwarding agent at Strahan.

1954. You say that the tenderers generally stayed at your place? Most of the people who came over from New Zealand or Victoria stayed at my place.

1955. Do you remember ever having seen Derbidge? No; I heard people say he was on the coast, but I never met him, not to know that he was Derbidge.

1956. Who was the tenderer between Hungerford and Derbidge? Stocks, but his tender was withdrawn.

1957. Why was that tender withdrawn? According to his wire he had not seen the quantities when he sent his tender; that is as far as I remember.

1958. Had he seen the original specifications? I cannot swear that he had.

1959. And what was the difference in the amount between Hungerford's tender and Derbidge's? Something like £10,000 between Hungerford and Derbidge.

1960. The Board approved of the altered specifications? Yes.

1961. And that was done before you called for fresh tenders the second time? Oh, yes. Do you mean the conditions made by Mr. Barrowman?

1962. On the recommendation of Mr. Barrowman? Oh, yes.

1963. Were you present at the meeting when the tenders were opened? Yes, I was present at both meetings.

1964. Was there anything unusual happened at that meeting—the day of the opening of the tenders? Yes. Not that I know of. Do you mean the first meeting? No, the second.—There was nothing unusual more than this: The tenders were all to have been in at 10 o'clock on the morning of the meeting, and there were two came in a little after time; and a wire was sent by one contractor saying he had posted a tender, and to wire him result. That is the second tender.

1965. Had you a full meeting that morning? I think so.

1966. Were you notified in the circular calling the meeting that tenders were to be dealt with at that meeting? Oh, yes, I think we were. I do not know that we had a full Board on that occasion. I would not be positive, because Mr. Sligo was absent from several meetings, and I would not be positive that he was not absent from this one.

1967. *By Mr. Aikenhead.*—Was an offer made to Mr. Hungerford to take up the first contract on the original conditions? Yes. After the Board had opened the new tenders, they decided to ask Mr. Hungerford in, and ask him if he was prepared to take up the contract under the first specifications that he tendered by.

1968. Who acted as spokesman, the Chairman, Captain Miles? Yes.

1969. Do you remember the words used? I do not think I could say them exactly the same. I remember the Master Warden, after Mr. Hungerford came in, asking him was he prepared to take up his first contract under the specifications he tendered on, without the alterations.

1970. And what was Mr. Hungerford's reply, and what took place? He did not answer the question straight out, but backed and filled a bit, and the Master Warden put the question to him again, and he said "No," he would stand by his second tender, whether it was the highest or lowest.

1971. *By the Chairman.*—Will this assist, if I read out the minutes of the meeting to Mr. Gaffney, and ask him if that is a correct record. I am going to read certain portions of the meeting of the 31st July, and I will then ask you, Mr. Gaffney, whether the minutes as read form a correct record of what transpired at the interview between Mr. Hungerford and the Board. "Resolved—That before the tenders were disclosed Mr. T. W. Hungerford, of Hungerford & Sons, be invited to attend the Board in Committee, and be plainly asked if he will take up the contracts on the original specifications at the price named in his first tender. Mr. Hungerford attending, was asked by the Master Warden if he was prepared to take up the original contract at his original price. He replied that he had stated, in response to Mr. Bell's offer of the contract on those terms, that he would take it up if the unnecessary expenses he had been put to were defrayed by the Board. Mr. Bell had wired to him that he was empowered by the Board to make this offer. In reply to this he had written a letter to Mr. Bell, the effect of which was that he was not keen about the contract, and would be satisfied if fresh tenders were called. This was a private letter from himself. Warden Hall asked Mr. Hungerford if he and his partners were willing to take up the original contract at their original price. Mr. Hungerford replied that he did not want to bother any more about it, and was willing to abide by the price now tendered. Mr. Hungerford then withdrew?" Yes, that is correct.

1972. Then, the next minutes are rather important:—"In reply to Warden Driffield the Master Warden stated that Leslie Miles was still a partner in the firm of Derbidge & Co. The Master Warden further stated that he would take no part in deciding whose tender should be accepted." Is that a correct minute? Yes.

1973. *By Mr. Aikenhead.*—At that meeting, when the offer was made to Mr. Hungerford, did he complain of being badly treated? At the meeting, no.

1974. Your memory has been refreshed by the reading of the minutes; something was said about the expenses he had been put to. Did he make any claim for these? Nothing more than what he said that he had stated to Mr. Bell.

1975. *By Mr. Mulcahy.*—Was there at any time any public talk in Strahan that Capt. Miles was himself personally concerned in the contract? I think I have heard it said on one occasion, but the man was only guessing.

1976. Did you yourself ever think so? What, that Captain Miles himself was young Miles?

1977. Well, then, Reynolds & Co.? Well, it was the same morning that Thomas showed me this letter. He said that Mr. Reynolds would be in with young Miles, but I am sure the letter itself said nothing about Mr. Reynolds. It was said more than once, by people in Strahan, that Miles and Reynolds were in the concern, but the only thing I ever saw to lead me to believe young Miles was in it was the letter Thomas showed me.

1978. Prior to the time you became aware that young Miles was in it? Yes. Thomas told me he had two different letters from two different people, and pulled these letters out to read to me, and just as he did I saw on the corner of the letter it was a memorandum from the smelters at Zeehan. It was written on one of their memorandums forms. He did not show me the second letter.

1979. You have not quite answered my question. Did you ever yourself think, or state, or, imply that Reynolds & Co. held some interest, or were likely to hold some interest, in the tender? What, make a statement, or say that they were in it?

1980. Did you ever imply it, or state it specifically, or in conversation with anyone? Yes, I believe I did.

1981. And you thought so yourself? Yes, I did think at the time they were in it.

1982. Was that before the tenders were opened? After the tenders were opened.

1983. Was that in consequence of anything you knew, or in consequence of any public rumour? It was nothing I knew of; it was only a report. I do not think we were out of the Boardroom two hours before I heard it. It was said by some one that Derbidge's tender was Reynolds and Miles.

1984. You are the proprietor of one or two hotels in Strahan? Yes; I have two.

1985. One at East Strahan and one at West Strahan? Yes.

1986. One is the principal hotel at Strahan? Yes.

1987. I will read through the list of contractors. Will you kindly stop me when I come to any one of them who was staying at your house prior to the tendering, ostensibly for the purpose of inspecting the site,—Baxter and Sadler, will you say that they inspected the site of the work? No, I will not say that they inspected it.

1988. Walch, of Victoria? No, I don't know anything about them.

1989. Gifford? Yes.

1990. He was at Strahan? Yes.

1991. Rogers, of Victoria? Yes.

1992. McKay, of New Zealand? Yes.

1993. Palliser? Yes.

1994. J. & R. Duff? Yes. One of the Duff Brothers was staying part of the time at Bay View.

1995. Davis & Flight, of Victoria? Yes.

1996. Langtree? Yes.

1997. Derbidge? No; I didn't see Derbidge.

1998. Do you know Derbidge? No; I never knew him, though I was told he stayed at my house; of course, that is likely. I could not be expected to know the name of everyone who stayed at my house.

1999. Stocks, of Sydney? No, I do not know Stocks.

2000. Hungerford? Yes. Hungerford came over twice; he came over as soon as the contract was advertised, and just before the tenders closed.

2001. Did you yourself visit the site of the works? No; of course, I have at different times been out there, but I never went down there purposely to look at it after they were seeking tenders for it.

2002. Do you think that the nature of the contract was such that it was possible for a man to tender without visiting the place? Well, if he did not visit the place he would be likely to tender high. I have known several contracts from different people who tendered without going to look at the site. It was the kind of work that contractors could tender for if they had the slightest knowledge how to get the stone. The principal thing they would require to know would be the nature of the stripping, whether heavy or otherwise. In many places in contracts of this nature there is heavy stripping to remove.

2003. Then, you think if a firm of contractors put in a tender without seeing the site, their tender would be one that would allow a large margin? Yes; as far as I have seen of people tendering without a visit they have generally been on the safe side.

2004. You know that the amount of the highest tender, Baxter and Saddler's, was £64,990? Yes.

2005. And Stocks and Co.'s was £39,790? Yes.

2006. Do you think that a firm that tendered so low as that without seeing the work would be likely to carry it out satisfactorily? I think so. The fact of the high tender of Baxter and Saddler tendering so high may be from this reason. I heard Baxter himself say if they wanted him to do these things in Tasmania, they would have to pay for it. It was the kind of work that he had never done, and they would require to be paid for it.

2007. Well, Rogers, of Victoria inspected the work? Yes.

2008. He stayed at your house? Yes.

2009. You know his tender was £55,185? Yes; but you cannot take a line from this kind of man. For instance, Mr. Rogers was a builder; he was not a man that followed this kind of work. The man that came from New Zealand would be the man to take more notice of.

2010. That is M'Kay, £55,247? Yes; If I remember right, Mr. Hungerford told me he was once a partner of his. He wondered why he tendered so high.

2011. Do you know anything yourself of the firm of Stocks and Co.? No, nothing at all.

2012. Did Mr. Hales, the Government engineer of West Coast Railways, ever make any pledge that he would support you for the position of Master Warden? I do not know whether you can call it a pledge. On one or two occasions he told me I should have the Master Wardenship, after giving so much of my time when there was no pay for it, and he would vote for me.

2013. He told you that personally? Yes.

2014. Did he ever tell you he had altered his mind in consequence of any telegram he had received? He did tell me he had altered his mind, but did not tell me he had received a telegram.

2015. On the night before the election he told you? Yes; and I don't know if he would have told me then only Warden Sligo, in talking to a friend of mine, said that either Morrisby or Miles would be elected to the Master Wardenship, and when my friend told me I said Sligo must be possessed of information or knowledge that I was not going to get the support of Warden Hales. I went to Warden Hales, and asked him if I was going to get his support, and he said, "No. I am sorry to say, old man, I am not going to vote for you," as near as I can remember.

2016. He did not indicate in any way that he was coerced,—it was a voluntary matter? Yes, those were the words, I think, he used.

2017. *By Mr. Archer.*—Did Sligo ever mention at any meeting that Miles offered Morrisby a bribe? Not at the meeting at which I was present.

2018. *By Captain Miles.*—Were the books, papers, and correspondence of the Board always available to the Wardens of the Board? Yes; I never knew of any paper or correspondence which I wanted to see that was not available; anything I wanted to see was always shown to me.

2019. There has been no secrecy as to what goes on at the Board? No, I have had no reason to think there was; no, as far as the office is concerned, there was no reason to complain.

THOMAS WALTER HUNGERFORD, *recalled.*

2020. *By the Chairman.*—Have you considered your position, Mr. Hungerford? Oh, yes.

2021. Do you adhere to your refusal, or have you changed your opinion? No.

2022. You said in your evidence you had been told to beware of Captain Miles when you first visited Strahan; and when you were pressed to give your authority you declined, and you said it was common rumour that he was going to tender; but you heard it from one person. You said that communication was made confidentially, and you declined, and still decline, to give the name of the person that the conversation was with, in the presence of third parties? Yes.

2023. Can you give the names of any other persons from whom you heard this? I declined to give the name of a person who spoke to me in confidence. As regards the rumour as to his tendering, you are on the right track when you say that it was public property.

2024. We have full power to compel a witness to answer questions if we think proper? Oh, I understand your powers.

2025. Well, we have no intention of exercising them; all we intend is probably to expunge your evidence from the Report, if you will not give your authority? I don't care what you do with my evidence.

2026. All we may do is to expunge from the printed evidence any evidence you have given with regard to this common rumour? Do you want to gaol me because I won't answer? I object to your demand, because I refuse to give the author of a confidential conversation.

2027. I don't think so. I think we have said all we want to say on the subject? I have told you truthfully the whole thing from beginning to end; and I may tell you I have no interest to serve. As for my evidence, I don't care the value of a pin whether it is thrown out or not. I came here to tell you what kind of a character Miles is, and I have no object in telling you what is not true.

2028. *By Mr. Mackenzie.*—Your opinion of Captain Miles is based on rumour, is it not? No, it is not. You go to the other colonies; he is well known there.

2029. *The Chairman.*—We have full powers to compel a witness to answer? You have no power to put me in gaol, whether I answer or not. I never was there in my life—I am a gentleman, and ———

2030. *By Mr. Mackenzie.*—You said you had some reasons to give the Committee? I have the opinion of a lawyer. You threatened me with gaol, and I went to my lawyer.

2031. *By the Chairman.*—No, I never mentioned gaol? You said you would commit me; that is the same thing.

2032. No; you misunderstood me; there was nothing about gaol? Well, you might put me in gaol, but I'm d——d if you would get it out of me.

2033. You say you have a memo. by way of excuse ; if you desire we will hear it? I told my lawyer the whole thing. The question put to me was as to who told me, or where I heard that Captain Miles was intending to put in a tender, and warned me to be careful of him. Is that correct?

The Chairman : Yes.

Witness : Then, I refuse to answer on the ground, first that the statement was made in confidence, and second that the truthfulness or untruthfulness of the statement was not entered into, nor yet his ways of knowledge. The opinion I have is that the question is irrelevant, because the person making the statement to me is not in any way connected with the Marine Board of Strahan, and has nothing to do with the tendering or anything connected with it.

The Chairman : I hope you don't go away with the idea that I was threatening you with prison? I have got my lawyer's opinion, and, by God, you might have put me in gaol if you liked, but I would not have told you.

The Committee adjourned till 10.15 next day.

FRIDAY, 8TH SEPTEMBER, 1899.

EDWARD THOMAS MILES took the Statutory Declaration and was examined.

2034. *By the Chairman (Mr. Lewis).*—What is your name? Edward Thomas Miles.

2035. You are a Member of the House of Assembly, and present Minister of Lands and Works? Yes.

2036. And you were a Warden of the Marine Board of Strahan? Yes; I was appointed a nominee Warden. Before going further, I would like to make an explanation which may serve to clear up a lot of differences. I want to state the condition under which the work of the Board has been carried on. I was appointed Master Warden of the Board on the 21st of December, 1898. At that time my family were living in Hobart. I left at once to come to Hobart from Strahan, where I then was, to arrange about clearing up my business, and removing my family to Strahan. That occupied till early in March, so that the whole of January and February I was away from Strahan, and the whole business was practically done, by letter and telegram, between the Secretary and myself. I went to Strahan in March, and remained there until I accepted the post of Minister of Lands and Works. I was there during March and April, and I left in the beginning of May. During the times I was away from Strahan, as I have said, the business was conducted by telegram, which was so far fortunate that we have many things in black and white which would otherwise have been done conversationally. Against that favourable circumstance there is the fact that I was in different parts of the island—sometimes on the East Coast, sometimes at Bellerive, sometimes at my office, and as far away as Melbourne—so that, telegrams arriving in different places, I have not always got the copies to lay my hands on. I thought it best to mention this, so that the Committee would know how the business of the Board was then being conducted.

2037. *By the Chairman.*—We will deal with the various matters in the same order as we have done all along. We will therefore deal first of all with the charge that, on the 21st of December last, you offered as a bribe to Warden Morrisby one-half the salary accruing to the Master Wardenship, with the intention of securing his vote thereby. You have heard the evidence that has been given in reference to this charge; the Committee will be glad to hear from you now anything you have to say in reply? I had better represent to the Committee what occurred so far as I know, starting from the time of the election of Master Warden, or just prior to it, the day before, in the evening.

2038. *By Mr. Mulcahy.*—That is the date of the first telegram from the Premier? The day before the election of Master Warden.

2039. *By the Chairman.*—And the negotiations which led to the formation of that sub-committee which decided between the claims of yourself and Warden Morrisby? On the afternoon of the 20th I met Mr. Sligo at Strahan, and we discussed the question of the election of Master Warden. After some considerable discussion we arrived at the conclusion that there were two parties, four on one side and five on the other. Warden Driffeld being absent from the Colony, there were four supporters of Gaffney as Master Warden, and five opponents. After some further discussion Sligo suggested that we should throw our forces together and support either Morrisby or Miles, and by so doing five could return one of their own party. I assented. Sligo then suggested that a committee of three—Sligo, Hall, and Hales—should decide which of two, Morrisby or Miles, should stand for the Master Wardenship. I agreed to this proposal, and I understood Sligo agreed on behalf of Morrisby. Next morning, shortly after the train arrived, I left my office—the Union Steamship Co.'s office—and went along towards the station. There I saw Morrisby and Sligo together on the platform in conversation. I went up to them, and asked Sligo whether he had told Morrisby of the arrangement we had made on the previous night. Sligo said, "Yes, I have told him, and he is agreeable." Then Morrisby, somewhat shortly, said, "If I vote for Miles I shall have to resign. I shall be politically ruined. I have

pledged myself not to vote for a nominee member, as Master Warden." I replied, "What nonsense; if you can show them any good reason for having voted for me for a nominee member, all you have to do is to call a meeting of your electors and explain your reasons, and they will absolve you from your promise." Then, turning to me, Morrisby said, "I don't see why I should vote for you, anyhow; you tried to ruin me." I replied, "I tried to ruin you—how did I try to ruin you?" He said, "You ran Urquhart against me for Montagu. You pressed me for those bills of mine that you hold." I replied very angrily; I said, "Confound you, I have your promissory notes in my office now, and have had them there for six years, and have never pressed you for them. If getting my goods and not paying me for them is 'ruining you,' then I ruined you." While this discussion was going on, Sligo walked away. Sligo, at this stage, walked away, and I have no recollection of seeing him on the platform again. I do not recollect seeing him again till immediately before the meeting, and do not believe he was there again. I made that statement in the House, that he was not present during the conversation when the question of salary was discussed. Immediately after, Morrisby said something about if he got the position he would come and live at Strahan, and the salary would help to straighten him up a bit; and it was then, in reply to that, I used the words that caused the trouble. Now, I wish to tie myself down to the words I committed to writing a few days after the event, which are a modification of the words I have already given in the House. It will be better then if I tie myself to the words I wrote in a letter on the 3rd of January, as being the words I used on that occasion. "I don't want the salary; don't know that I shall take it; if I do it will be to give away; you can have half of it if you want the money." These were the words I wrote on the 3rd of January (*see Appendix*), when the facts were green in my memory, and these are the words I am prepared to stand by now. I remember the words, "You ran Urquhart against me for Montagu," I remember them well. Then Morrisby said, "If I don't have the office I don't want the money," or words to that effect. He then went up the platform; I went down to my office—the Union Co.'s office—and did not see either Sligo or Morrisby again until immediately before the Board meeting, some few minutes before; we went into the Boardroom shortly afterwards, and voted. Warden Sligo moved that Warden Hall be Chairman. The voting was four for Sligo and four for Miles, and the Chairman gave his casting vote in my favour, and I was elected on the casting vote of the Chairman.

2040. Have you completed your narrative? Yes.

2041. From whom did this suggestion for this sub-committee first emanate? Sligo.

2042. You are quite sure about that? Positive.

2043. When did you first let any of the Wardens know you would be a candidate for the Master Wardenship? I think the day before.

2044. Had you then resigned your Master Wardenship of Hobart Marine Board? Oh, yes; I resigned that before I went to Strahan.

2045. Did you ever inform Warden Hales that you would be a candidate for the Master Wardenship? I informed him at his house the night before the election.

2046. And at the interview you had the day before with Warden Sligo, did he give you any assurance or indication that he was authorised to act for Warden Morrisby? I certainly understood so.

2047. This is a telegram of the 20th December, from yourself to the Premier, at Ulverstone: can you tell me what time in the day that was sent? I should say it was sent in the forenoon, or it might be immediately after lunch.

2048. Did you receive a reply? I received one reply early in the evening. I received the reply which followed it late at night; when I got back to my office it was there.

2049. You sent that, you say, in the forenoon? I should say it was; at any rate, it was either immediately before or immediately after lunch.

2050. And you received the first reply, "I cannot say anything to influence votes of Government nominees"? I received that in the evening, and received the other in the night.

2051. Was that after you had seen Warden Hales? The second one was. The first I had in my pocket when I went to Hales's house.

2052. Did Warden Hales inform you that he had received a wire? No, I did not mention it to him.

2053. What other Wardens did you inform: did you make any public intimation that you would be a candidate for the Master Wardenship? I did not make any public intimation.

2054. Did you ever inform Warden Gaffney that you would be a candidate? No; it would not be likely, because at that time Gaffney was running against me. It is not likely that I told any of Gaffney's party what I would be telling Mr. Hales.

2055. When did you tell him? I fancy on the same afternoon, the 20th.

2056. *By Mr. Mulcahy.*—During that conversation between yourself and Mr. Morrisby on the platform, was there more than one reference made to the salary? No; only one reference.

2057. Will you state that positively? Yes, positively.

2058. And you did not make a general reference to salary, to say it was no object? I can positively state that there was only one reference. The words of the general conversation I do not wish to tie myself to, but I do remember whether there were two conversations or not.

2059. Then, what you told us in the House that anyone could have the salary was not correct? Yes; those are the same words I used, but they were amplified in the letter I afterwards wrote.

2060. But I want to get out whether at one time you said, "You can have the salary," and at another time said, "You can have half the salary if you want the money"? No. I think I said in the House, "I don't want the salary; you can have it," or words to that effect. At the time I made that statement I had not seen this letter, which I wrote immediately after the occurrence.

2061. Did Mr. Morrisby exhibit any resentment? He said, "Unless I have the office I do not want the money." He spoke shortly and sharply.

2062. Was there any sign of indignation such as would naturally be shown by a man after being offered a corrupt bribe? I did not see any of it.

2063. Did Mr. Morrisby ever afterwards charge you personally with having made a corrupt offer? No.

2064. Neither publicly nor privately? No.

2065. You say the evening before the election that Sligo agreed on behalf of Morrisby? I understood he was acting for Morrisby, and that he did so with Morrisby's consent.

2066. Did you understand that Morrisby had made this arrangement, or that Sligo was deputed to act generally? That Sligo was deputed to act generally.

2067. And that the suggestion had come from him—not from Mr. Morrisby? I thought so.

2068. And, consequently, that Mr. Morrisby required informing of it? Yes, I thought so, unless he had given Sligo authority to make the best terms he could.

2069. You said, the next morning, when you met Morrisby, that he was fully aware of the proposal to refer the question of the Master Wardenship to a Committee? Next morning I asked the question from Sligo, "Have you told Morrisby of the arrangement;" and Sligo said, "I have, and Morrisby is agreeable."

2070. And did Mr. Morrisby assent? He did not dissent.

2071. Did he say anything about it? He went on to say if he voted for me that he was politically ruined; that he had given a pledge not to support a Government nominee for the position of Master Warden.

2072. Did you take that as assent or dissent? I did not take it as either; I simply regarded it as a discussion as to what would occur.

2073. And did Mr. Morrisby consent to the submission of both your candidatures to this Committee? Nothing further than I have told you.

2074. You did not hear him consent? I did not hear anything further than I have told you.

2075. How did you come to the conclusion, then, that Morrisby had agreed? Because Sligo said, in Morrisby's presence, that he had told Morrisby, and Morrisby did not dissent.

2076. Excepting what you have just told us? I did not take that to imply dissent.

2077. And you considered that he accepted the offer, although he didn't expressly tell you he consented? Quite so.

2078. *By Mr. Archer.*—The words used in the House were, "I don't want the salary, you can have half the salary or all of it." Those are the words you used? In the House? yes.

2079. And are those the words you stick to now? Yes, with the addition of these words, "I don't want the salary, don't know if I shall take it, if I do it will be to give away, you can have half of it if you want the money," and I want to put in those words. If you remember, I said at the House, there was a letter which I had written immediately after the occurrence, which contained an accurate account.

2080. Is this true—"He (Captain Miles) then said in another tone to Mr. Morrisby, 'Well, I will take half yours?'" Absolutely untrue.

2081. Was that wire which the Premier sent to you the only communication you had with the Premier or any other member of the Government, on the subject; that is, asking Wardens Hall and Hales to vote for you? I think so.

2082. *By Mr. Mackenzie.*—What induced you to make a note of the words you used on the platform, Captain Miles; you say, a few days after you made a note of the words you used? They were made in this way. Mr. Whitelaw, a gentleman in Zeehan, wrote to me, that there was a rumour current that I had promised to give half the Master Warden's salary to Morrisby, if he would retire from the contest. He asked me if I would give him authority to deny it. Then I wrote the letter of 3rd January.

2083. And that was the first intimation that you had of the rumour? The first intimation.

2084. You are quite sure that when you were stating on the platform about leaving the matter to the Committee, Mr. Morrisby did not object? He did not object.

2085. He was silent? He was silent except for the remark about being ruined if he voted for me, and so on.

2086. Did you know at that time how Wardens Hall and Hales were going to vote? I did not. I had asked Warden Hales the night before to support me, but he would not promise.

2087. You did not know then how Wardens Hales and Hall were going to vote? I did not.

2088. Were you aware that previously Warden Hales had partly promised his vote to another? I heard so.

2089. Then, you were quite agreeable that if the Committee decided that Morrisby should be Master Warden you would have fallen in with their plans and voted for him? Certainly.

2090. You were perfectly satisfied that he was competent to take the position? I cannot say that that was the point at issue. The point at issue was to keep Gaffney out of the chair, and I should have voted for Morrisby to keep Gaffney out.

2091. On your election to the Master Wardenship was anything said about this bribe, or that you had been tampering with Warden Morrisby? Not a word.

2092. *By Mr. Aikenhead.*—I think you said that on going up to Wardens Sligo and Morrisby you asked Warden Sligo if he had told Warden Morrisby of the arrangement? Yes.

2093. And Warden Sligo said, "Yes, I have told him, and he is agreeable"?—Yes.

2094. You are quite certain of that? Yes, quite certain.

2095. And Mr. Morrisby did not dissent in any way? He did not dissent.

2096. He heard what Sligo said? Oh, yes.

2097. *By Mr. Propsting.*—Following on Mr. Aikenhead's questions, when Warden Sligo told Warden Morrisby, and he agreed; then Warden Morrisby remarked, "Why should I vote for you," is that so? Yes.

2098. Did you gather then that he had agreed? Yes, I gathered that he had agreed, because he did not dissent from Sligo.

2099. Notwithstanding, he said afterwards, "Why should I vote for you?" Yes. He said, "Why should I vote for you? you tried to ruin me."

2100. Then the salary question was raised, and you say you walked away; and you did not see them again till the Board meeting? I went to my office, and the others went up the platform.

2101. Did you understand that Warden Morrisby was certain to vote for you? If the Committee so decided—yes, certainly.

2102. Where was O'Keefe? I had not the remotest idea he was there; I did not see him.

2103. You have heard this letter of O'Keefe's to Mr. Morrisby read? Yes.

2104. He states, "I looked upon the remark *re* salary as an impulsive one. They had been conversing over the Master Warden election." Do you think that was a natural impression for a bystander to get? All I can say is, I did not see O'Keefe there; and if I was asked I should say he was not there.

2105. You have heard the whole of this letter read—taking the whole of the letter, do you doubt now that he was there? I can only repeat I did not see him, and I have still the same doubt in my mind, notwithstanding that letter.

2106. Why did you want to become Master Warden? For many reasons: the chief reason because I considered I was mainly responsible for the expenditure of that money, and that vote from the House. I knew many Members of the House of Assembly were guided by me in voting for that sum, and I wanted to see that vote carried out, and be a success; and I felt I was the only man on the Board who was capable of carrying it out properly.

2107. At the time you went last to Strahan did you think there was any prospect of your being elected Master Warden? No, I did not.

2108. You interviewed Mr. Hales the night before the election? Yes.

2109. At that time had he received a telegram from the Premier about the matter? I cannot say he had, but I think he had. We never mentioned anything about telegrams. I had wired to the Premier, and believed that Hales had a wire.

2110. Did you go to see Warden Hales before you received a telegram? I went to see Warden Hales with the first telegram in my pocket; and the second I got when I went back to my office.

2111. You got a telegram from the Premier that the Government would not interfere; did you reply? No.

2112. Was any communication sent by you to any member of the Government after you received that telegram, and before you received the second telegram? I do not think so.

2113. How do you account for the difference between the first and second telegrams? I suppose the Premier thought it over, and thought it advisable that he should attempt to influence the votes of the nominee members. The two telegrams sent came very quickly, one on top of the other, although I did not receive the other for some hours, in consequence of being away from my office. It was left there, and I got it when I came back.

2114. You say that when Warden Morrisby objected to vote for you on the platform?—He did not object.

2115. Did he not say, "If I vote for a nominee member I shall be politically ruined"? Yes.

2116. Was that after you understood he consented to this committee? Yes.

2117. The election was to take place same morning? Yes.

2118. What did you mean by telling him, if he told all the circumstances to his electors they would absolve him? I believed that if he had gone to his constituents that night or next morning, and told them he had gone against his promise, and why he had done so, they would have absolved him from all blame.

2119. Do you produce that letter you have referred to as being received from Mr. Morrisby thanking you for your consideration? I can produce it. It is amongst Reynolds and Co.'s correspondence; I can find it.

2120. How old is it? About six years,

2121. I think it referred to your considerate treatment about those bills? So it does. But those bills were Reynolds & Co.'s. This transaction occurred when I was managing partner for Reynolds & Co.

2122. *By Mr. Mulcahy.*—You told us this morning that Mr. Morrisby expressed agreement about this sub-committee by not dissenting? Yes, that he did not dissent.

2123. Well, in the House you said :—“ We had been using strong words, neither of us in a very pleasant mood, certainly not the mood when I should be likely to place my reputation in the keeping of my enemy. Morrisby, after some hesitation, and much to my astonishment, after what had passed, said, ‘ Yes, I will agree to vote for Miles if he votes for me,’ or words to that effect?” Where did I make that statement?

2124. In the House, on Friday, August 18th? His agreement was signified by what he said. What I said was in the House in reply to an interjection. I was asked what did Morrisby say, and my reply was, “ He said, ‘ If I don’t get the work I don’t want the money.’”

2125. The words used were, “ I won’t take the money unless I do the work,” “ but this was said after we had agreed, and so could not influence either of our votes”: now, you told us this morning that Morrisby did not agree by any words of his? No; I understood him to agree.

2126. Then, this statement, “ Morrisby, after some hesitation, and much to my astonishment, after what had passed, said, ‘ Yes, I will agree to vote for Miles if he votes for me,’ or words to that effect,” was not true? Well, they might want correction; I cannot pretend to remember *verbatim* the words that were used.

2127. *By Mr. Archer.*—I think you said that you did not know that Warden Hales was going to vote for you, till just before the election? No; I went off the platform to the Union Co.’s office, and met Hales, when he told me he was going to vote for me.

2128. *By the Chairman.*—You met Mr. Hall on the day of the election on his way from Queenstown to Zeehan? Yes. I do not think I saw Warden Hall again until immediately prior to going to the Board-room.

2129. Did you have any conversation with him prior to his going into this conference? I don’t think I did; I don’t remember having any conversation with him.

2130. And when Warden Hales told you he was going to vote for you had the conference then been arranged? Yes; I never saw Sligo or Morrisby after leaving them on the platform.

2131. When did you meet Warden Hales? I went straight from the station to my office, and there met Warden Hales.

2132. *By Mr. Morrisby.*—You say when you walked up to myself and Sligo on the platform, you asked Sligo whether he had mentioned the arrangement to me, and Sligo said I had consented? Sligo said that you were agreeable.

2133. Do you remember later on in the conversation, when you were using strong arguments to get me to consent, saying that if Gaffney went into the chair Hall and Hales would resign, and Sligo said he would resign. Do you remember using those words? No.

2134. You stated when the question of salary cropped up that you said you didn’t want the salary; I could have it. Didn’t you also say anyone could have it? I may have, but I do not think I did.

2135. Didn’t you also say, in the course of conversation, that if I did not support you Gaffney would go in? No.

2136. Didn’t I reply, “ Then, let him go in”? I do not remember it.

2137. Can you tell the Committee when it was the night previous you saw Mr. Hales, and where? I saw him at his house.

2138. You didn’t have a conference with him outside his house—on the railway, for instance, close to the gate, late on the night of the 20th? I don’t think so.

2139. Are you sure? I do not know. I went to Hales’s house after tea, I think. I do not remember having any other conversation with him.

2140. If it was asserted that you were seen having a conversation with Mr. Hales on the railway late at night on the 20th, would that be true? I would say I do not remember. Hales lives close to the railway line, and he might have come down there to the gate with me. It was a usual thing for him to do, and he might have done it on this occasion.

2141. In the House you said you were surprised that I should consent, after the words we had been using. Now, will you also say that I did not receive the proposal in an indignant and somewhat violent manner? I say we were both angry.

2142. And after receiving the proposal in a violent manner I consented and so caused surprise? I don’t remember you consenting. The only consent I know of was the consent you gave when I first got on the platform.

2143. Why should you think that Mr. O’Keefe was not on the platform? Because I did not see him.

2144. Now, you have mentioned more than once respecting a number of bills: will you tell the Committee the number and amount of those bills? There are two, at least there is one cheque and one bill. The cheque is about £25, and the bill about £25.

2145. Is the cheque in addition to the bill? Yes, as far as I know.

2146. Will you swear that? No; I have the documents in my safe, but I would want to go back and look at my books before I could swear to it, but I believe the dishonoured bill and the cheque are separate transactions.

2147. Was this transaction with you or Reynolds & Co.? It was with Reynolds & Co.

2148. Is that the original transaction? I could not say. We had numerous bills and cheques of yours that were renewed and renewed.

2149. But we are alluding to these particular bills; were they the original transaction? No; they were bills that had been renewed several times.

2150. This bill, you say, was for goods received from Reynolds & Co.? I believe it was for goods and freight combined; it was a balance of an account due.

2151. It was in the year 1892, after the V.D.L. Bank broke? Yes, I should think it was about that time.

2152. Mr. Val. Johnson was your traffic manager, was he not? He was our chief clerk.

2153. He was your traffic manager at the Henty? I don't think he was ever stationed at the Henty.

2154. I used to do business with him at the Henty? He used to travel up and down the line.

2155. Did he acquaint you with a complaint I made with regard to a number of my goods being lost on the line? I don't think he did.

2156. Did I not also mention to you this loss, in Reynolds & Co.'s office? I do not remember.

2157. Thirty bags of oats? I do not remember.

2158. What was the value of oats at that time? I do not remember. I am sure I could not say whether they were worth 1s. 6d. or 3s. a bushel at that time.

2159. *By the Chairman.*—We will pass on to the calling of the tenders, the receipt of them, and the consideration of them by the Board, and the subsequent alterations or interpretations made by yourself at the suggestion of Mr. Barrowman. You know the matters that have been brought under the notice of the Committee, and the statements made; I think it will facilitate progress if you make your statement in reference to this in your own way? You want me to start with the first tenders for the breakwater.

2160. Yes; the reception of the first tenders: when were they advertised, and what notice was given? The first tenders for the breakwater were duly advertised on or about 17th of February.

2161. Before that you had received the specifications from Napier Bell? Mr. Bell arrived at Strahan early in February, and set to work to prepare the specifications and conditions of tender for the breakwater contract; and they were ready about the 17th of February, so we called for tenders returnable in two months,—returnable on the 17th of April.

2162. And did Mr. Bell, on giving the specifications and conditions, give the Board an idea of cost: his estimate of the probable cost of these works? He had previously given that.

2163. Was that in a lump sum or in detail? It was in a lump sum.

2164. Did he ever give them the details? Yes; he left a memorandum in the office of the details of how he made the lump sum up.

2165. When did he leave that in the office? Some days preceding the advertisement for tenders. I think the Secretary probably has the documents with him, and can produce them to the Committee.

2166. They were available for all members of the Marine Board? Yes.

2167. Was that tabled? I do not know whether it was tabled. I did not see it myself for a long time afterwards.

2168. These were received prior to the date when the first tenders were first advertised? I believe they were: I did not see them till some time after.

2169. You saw them before the 17th of April? Yes; I saw them about a week before the tenders were received.

2170. Is there anything else leading up to the day upon which the tenders were received, 17th of April? Yes. I want to refer to these documents I have in my hand, and perhaps may go back to Mr. Barrowman's arrival in Strahan. Mr. Barrowman arrived in Strahan some time in March, and he at once went into the conditions and specifications of the job. I had many conversations with him; spent hours with him discussing the question; and the first weak point we saw in the specifications was that there were no quantities given, and it was absolutely impossible to say which tender was the lowest unless quantities were taken out. That is how the specifications went out originally. There were to be four classes of stone, and no quantities in each class given, yet the tender was to be a lump sum, and to be made up without any quantities. Barrowman and I discussed this, and came to the conclusion that it would be impossible to say which was the lowest tender; so we wrote to Mr. Bell and got his consent to these conditions, which I had printed in Hobart and took down. "Strahan Marine Board—West Breakwater Contract." "Tenderers will be required to state a price per ton for each class of rubble stone in the proportion shown in the schedule attached hereto; also, a price for staging piles at per foot lineal, timber at per 100 ft. super., and iron at per lb. The total of the whole rubble stone and staging will be the amount of the tenders."

SCHEDULE:

Rubble stone, 1st Class	53,572 tons	} Quantities approximate only.
" 2nd Class	65,761 "	
" 3rd Class	80,604 "	
" 4th Class	44,063 "	
Staging piles	6327 lineal ft.	
Timber.....	93,610 sup. ft.	}
Iron	89,170 lbs.	

NOTE.—This Schedule is not to be taken as correct, because the actual quantities may turn out very different, and no one can tell the exact quantities in a contract of this nature, but it serves to test the prices in the different tenders, so as to show which is the lowest one.

Witness continuing: The object in putting in the quantities was not exactly to tie down the contractor to quantities but to ascertain from each contractor tendering, from his own knowledge, from the class of stone to use, which tender was the lowest. Mr. Bell saw it was necessary to mention this, and authorised us to issue this, and made a memorandum to the Board that he had seen it. I refer to this to show one important alteration that was necessary in Mr. Bell's conditions after he issued them. These I had printed in Hobart, took down, and a copy was given to each contractor in Strahan, and a copy sent to each contractor away.

2171. You knew who they were? We knew to whom the specification and conditions had been sent. A copy of this document was given to those on the spot, and a copy sent to each contractor away. I think a copy was sent up to each of the men from Victoria, New South Wales, and New Zealand, who were absent. I want to refer to this because it is mentioned in a telegram, to which great importance seems to be attached, to Stocks. Stocks mentions this as the reason why he wanted to amend or withdraw his tender; because he had not seen this alteration.

2172. When was that printed? About a week before tenders were returnable; about the 10th of April. Then Mr. Barrowman and I had another consultation about a clause in the contract, and arrived at the conclusion that he and I were both dissatisfied at the wide range between 10 and 20 tons; and we considered it necessary to put in an interpretation clause as to what 10 to 20 tons meant. We were considering this about the time that that came out. Mr. Barrowman, after several attempts to arrange the wording to express what we wanted, put in the interpretation clause as it is now before the Committee. The interpretation clause, as you have it before the Committee, was worded and settled by Mr. Barrowman.

2173. *By Mr. Mulcahy.*—This was prior to the date of opening the first tenders? Well, I won't say it was definitely settled prior to that date, but it was discussed, and, I think, probably written before.

2174. You introduced it as it is on the 28th April? Oh, that is the date written here, but we had been discussing it some weeks prior to that, and had practically settled on the form it would take some time prior to the tenders coming in, or, at any rate, about that time. A number of tenders came in, and these were opened at a Board meeting, and the deposits of the three lowest tenderers retained, and the tenders were then forwarded on to Mr. Bell. There was a tender also, the second lowest, from Stocks & Co. While the meeting was still sitting we got a telegram from Stocks & Co., received at 1.29—"Since sending tender we have received copies of quantities, and we must consequently increase or withdraw our tender."—(See Appendix.) That was discussed at the Board, and there seemed to be a disinclination to allow them to withdraw; but finally a telegram (see Appendix) was forwarded to say that the Board would only consider their tender as on the quantities according to the document, and were awaiting ratification on their withdrawal. I think it was on Warden Driffeld's suggestion that that was sent to Stocks, and we got a reply from them—"My tender withdrawn."

2175. What time did you hold this meeting? We started it at about eleven in the morning, and finished about four in the afternoon.

2176. There was an adjournment, was there not? Yes, I believe so.

2177. When were tenderers notified of the result of the opening of the tenders? The tenderers were present: any that were at Strahan were present in the room.

2178. And this would be about 11 o'clock in the morning, or half-past 11? The Board met at 11, and it would be a little time after they met. I think those of the contractors who were present were—Hungerford, Davis and Flight, McKay, Rogers and Waterman, Eckberg, Baxter and Saddler, Palliser and Jones, Langtree and Duff; and the absentees were—Walsh, of Victoria, Derbidge, Stocks and Co. The tenders were opened, and the three lowest were referred to Mr. Bell: I had previously arranged with Mr. Bell.

2179. The three lowest tenders, that is, excluding Stocks and bringing in Langtree? Yes. I had previously arranged with Mr. Bell that the tenders should be opened at Strahan, and sent on to him in Melbourne. He was in Sydney, and it was arranged that he was to come to Melbourne, and there meet me and Barrowman, and settle the question. When we opened the tenders we wired a long wire to Mr. Bell, stating all the tenders. I was very busy at the time, and wired him to know whether he wanted myself and Barrowman to come over, and we got a reply, dated April 21st, from him—"I do not require to see them if you and Barrowman are satisfied, that all is right." There was one before that, dated April 20th—"Have been away, only

got telegrams to day. Hungerford being lowest, gets contract if everything is in order." On 22nd April I wired a conditional acceptance to Hungerford.—(See Appendix.) It was some days before we got a reply from Hungerford; then I think we got a reply from his daughter, "When father returns, will give him your cable." That is on the 24th. Then came a wire from Hungerford—"Just returned; been purchasing plant. Will contract be signed, Hobart or Strahan?" and my reply was on the 24th, "Contract will be signed here." On the 25th, the day following, another telegram came from Hungerford, "Can you arrange Hobart, instead of Strahan?" And on the 25th, we received—"Leaving *via* Hobart for Strahan." In reply I wired to him, that if he preferred, I could arrange for the contract to be signed in Hobart, and on the 26th I wired that the contract might be signed at Hobart.

2180. On the same date the Secretary to the Board wrote to the Board's solicitors, Perkins and Dear, covering the amended clauses? No; on the 28th the letter was sent to Perkins and Dear, covering copy of the interpretation clauses.

2181. *By Mr. Aikenhead.*—As to the stone? Yes; as to the weights. On the same date a wire was sent from the Master Warden to Bell informing him that the contract would be signed in Hobart next week, and asking Bell to come and peruse contract before the signing; and on the 5th May, Hungerford wired to the Master Warden that he was awaiting him in Hobart. I was on my way to Hobart then.

2182. Is there no reply to that telegram to Mr. Bell asking him to come to Hobart? Yes; we received a reply to say that we were to have the contract perused by the lawyer, and, if necessary, send Barrowman to Bell with it. That was on the 28th April. That is his reply to my telegram asking him to come to Hobart and peruse the contract before being signed. I came up to Hobart then and had a consultation with the Board's solicitors. I may say I had previously been in consultation with the Board's solicitors about these clauses, and they were even more strongly than I of opinion that these clauses were necessary to be inserted for the protection of the Board. I arrived at Hobart on the 15th of May. Hungerford was waiting my arrival, and on the same day I wired to my Board at Strahan notifying them of Mr. Hungerford's objection to the interpretation clauses, and that I had allowed him 10 days' grace to consult his sons.

2183. *By Mr. Propsting.*—Who was that wire to? From me to the Board, on the 15th of May.

2184. *By Mr. Mulcahy.*—The Board was sitting on that day, I suppose? No, I think not. When I say to the Board, I mean I wired to the Secretary; he disclosed the wires to any members of the Board.

The telegram I sent to the Secretary, dated 5th May, reads:—

"Hungerford takes exception to the clauses providing for averaging the weight of stones in each class, and desires an additional ten days, so that he can consult his son, in Sydney, before signing contract. Have given him copy of clauses, and consented to extension of time. Have also written Bell and sent him copy of clauses. Please notify Wardens my action."

On May 6th, the following day, I gave notice to all the Wardens for a special meeting to consider the clauses: that meeting was held on the 11th May. Nine Wardens were present and the clauses were approved. The Board met again on 15th May with Warden Morrisby in the chair, when they confirmed the minutes of the last meeting, and they are signed by Warden Morrisby. That was the meeting when the telegram was received from Mr. Napier Bell, dated May 11th, approving of the interpretation clauses. The telegram was submitted while the Board was sitting at that meeting. At that meeting, on the 15th May, when Warden Morrisby was in the chair, a telegram was received from Mr. Bell, dated May 11th, approving of the interpretation clauses, and also a telegram from the Master Warden stating that Hungerford objected to sign the contract with the new conditions or clauses. The telegram received from Mr. Napier Bell was this,—"Your interpretation clauses most suitable. Regret you extended Hungerford's time. Wired you this morning respecting Derbidge." That was read at the Board meeting, and a telegram was also read stating that Hungerford objected to sign the new clauses. A resolution was then unanimously passed that no contract be entered into unless the conditions, as approved by Mr. Napier Bell, be inserted. That was sent by telegram to the Master Warden at Hobart, and the meeting adjourned to get a reply from the Master Warden, and the reply arrived before the meeting closed. The reply was that Hungerford would not definitely reply until his ten days' extension of time had expired. A motion was then passed at that Board meeting, that if Hungerford refused to sign the interpretation clauses the Board would call for fresh tenders. That was what was carried in the meeting on the 15th May. The telegram from Mr. Bell, approving of the new clauses, was received; also a telegram from the Master Warden stating that Hungerford refused to sign with the new clauses inserted, and the Board passed a resolution that no contract should be entered into unless the new clauses were inserted. This was wired on to me, as I remained in the City. I replied that Hungerford objected to sign the new clauses, and a motion was then passed that if Hungerford refused to sign the interpretation clauses, the Board would call for fresh tenders. On 16th May the time expired, and the Master Warden again wired the Board, "Hungerford declines to sign and tenders deposit, said he will accept the contract on the old conditions. I am refusing deposit unless he complies with the conditions. I approve the Board's decision to call for fresh tenders, time should be limited to one month." The Board had decided it would call for fresh tenders if Hungerford declined to sign. I replied that Hungerford

had refused, and approved of the Boards' decision to call for fresh tenders, time limited to one month. On the 24th May Mr. Bell wired us to accept Derbidge & Co's tender, and on May 25th the Master Warden wired to the Board, "Am conferring with solicitors. Am of opinion that Derbidge should have the tender." I stated also who the partners in Derbidge and Co. were. On the following day, May 26th, Mr. Bell wired, "Have seen Hungerford, if his statement correct, fresh tenders should be called for." (For Telegrams, see Appendix.)

At this stage Mr. Lewis retired, and Mr. Mulcahy took the Chair.

That takes us up to the transactions to May 26th. On June 2nd Mr. Napier Bell wires "New conditions a blunder and illegal. As case now stands either ask Hungerford what terms he will accept with new conditions, or call for fresh tenders on old conditions or alter as you please." Another telegram came from Mr. Bell on June 2nd, "Call for fresh tenders, this will satisfy everyone and prevent litigation. As Chairman, please settle with Board what is best." A letter, dated the 4th June, was received from Mr. Napier Bell, making a comparison of the stones under the old and new conditions. He said, "The new conditions greatly increase the cost of the work, as you will see from the analysis sent herewith. In fact Hungerford would have been a fool if he had signed these new conditions without asking for a higher price." On the 5th June Mr. Bell wired to the Secretary, "Your letter 27th May, together with one from the Chairman, same date, so contradictory that I decline interfere in tender's letter posted." On the 5th June a telegram was received "Send Barrowman here at once, overland." Mr. Barrowman then went to New South Wales, and saw Mr. Bell, and discussed with him the conditions of giving or allowing Mr. Hungerford to take up the contract on the old terms. The Board had wired on the 27th May to Mr. Bell, "Will you negotiate with Hungerford the terms on which he will agree to the contract on the altered specifications? Remember that Derbidge is willing to accept. Board awaiting you full advice before deciding future course." A copy was sent on to Hobart to me, and as soon as I got the copy I wired Mr. Bell, "Do not negotiate until you get my letter, and do not negotiate unless without prejudice." There was an open order for Bell to negotiate, and I wired to Bell and advised him not to negotiate, and if he did, to do it without prejudice. On the 27th May, I think, I wrote Mr. Bell a letter, and I sent it on the same date, but it has not turned up. I did not keep a copy. I went over to Bellerive, and I think the letter was written at Bellerive. I thought that the Board or Mr. Bell had the original; but even the original has not turned up. The next letter after that of 27th May would be 31st May, to the Board. The letter of 27th May I don't appear to have a copy of, but I referred to it in writing to the Board on 31st May. I said, "I have written Mr. Bell fully, and wired, pointing out the danger, and telling him not to approach Hungerford until he gets my letter, and then, if he thought it desirable to do so, to do it without prejudice." I tell you this now to show I had no desire to conceal from the Board what I was doing with Bell.

[Witness read the letter of 31st May (see Appendix).]

That is the letter which was written on 31st May to the Board, and on which the Board, at its next meeting, passed a resolution. I may say that this letter of 31st May was sent round to the Wardens of the Board. I will now refer to the telegram to Mr. Bell from the Board under the resolution passed at a special meeting of the Board held on 5th June. It was recorded in the minutes:—"After discussion, it was resolved that the following telegram be sent to Mr. Napier Bell:—"Are you satisfied that original conditions and specifications are sufficient to protect the Board? If so, and Hungerford is willing, tell him to come to Hobart and sign the contract. Board await your definite reply before taking action." Then negotiations followed. I suggested that telegram.

2185. *By Mr. Aikenhead.*—The telegram to Mr. Bell of 5th June—who sent that? I sent it.

2186. On June 5th, when the meeting was held? Yes. At that meeting the resolution was passed, and I sent the telegram. [Witness again read the telegram.] Mr. Bell replied:—"All right, I will see to it."

2187. *By Mr. Davies.*—What date is that? That is the 6th June. Then I wired to Mr. Bell again, "Reply to Board's telegram of yesterday—yes or no." That was as to whether Hungerford would or would not accept the contract. Mr. Bell replied on the 7th June—"Am quite satisfied as to conditions: I wait Barrowman's arrival before doing anything." Then Mr. Bell wired to Hungerford on 16th June. By this time Mr. Barrowman had arrived in Sydney, and was in communication with Mr. Bell, who wired Mr. Hungerford, "You can now go to Hobart and sign contract on old conditions of specifications, and pay the sum as security: reply at once." That was from Bell to Hungerford, on 16th June, after Barrowman had arrived there, and consulted with Mr. Bell. Hungerford replied on 16th June, "Must go to Foster, finish private business before going to Hobart. Will you come with me Monday night." That telegram is to Mr. Barrowman. He did not reply to Bell, but sent the telegram to Barrowman, but it was in reply to Bell. He did not reply direct to Bell at all. Then Barrowman replied—"Will try and go with you, but you must reply to Bell definitely you accept his offer, as tenders must be called if you refuse." Then, on 16th June, Hungerford replied to Bell, the same day on which he got Bell's telegram,—"Have you authority, by resolution of the Board, to deal with the contract?—for, if not, they may insert some fresh conditions: if so, will go Hobart after I attend to urgent business, and see if everything in order. Anxious to avoid further unnecessary expense: expenses already incurred must be paid by the Board." To this Bell replied—"Board has empowered me to act with free hand. I have offered you contract on original terms. You must decide at

once, to save time: If you refuse your deposit will be returned and new tenders called. I will not deal at present with claims for expenses." On the 17th Mr. Hungerford replies to Mr. Bell—"Am afraid of more intriguing; not by either you or Barrowman, of course—better get acting Chairman offer contract under original conditions of specifications, without any new stipulations, and that they will pay unnecessary expenses incurred: and we will accept contract. See conditions *re* accepting contract. On the same day, the 17th, Mr. Bell wires to Mr. Hungerford, "I have power by resolution of the Board; and require your definite answer at once": Hungerford writes a letter, and then Bell wires, on the 19th, this to Hungerford—"I shall take your letter as declining contract, and proceed at once to call for fresh tenders": Hungerford then replied, "As you say fresh tenders will be called, will wait for them": then Mr. Bell wires to Barrowman, "Letter received from Hungerford, which I shall take as refusal, and call for fresh tenders; have wired him accordingly"—now, that takes us up to the time when fresh tenders were called for. Fresh tenders were called, then, on the new conditions, and I wired when I got that telegram from the Board.

2188. *By the Acting Chairman (Mr. Mulcahy).*—You sat as Master Warden at the meeting of the Marine Board, at the meeting when the first tenders were opened? Yes.

2189. At that time, were you aware that your son was concerned in Derbidge & Co's. tender? Oh, yes.

2190. Did you inform the Board so on that day? I did not.

2191. Was Derbidge & Co's. tender one of those you submitted to Mr. Napier Bell?—one of the three lowest? Yes.

2192. What was the object in submitting the three lowest tenders to Mr. Bell? To decide which should be accepted.

2193. And you did not consider it necessary to inform the Board that your son was interested? No; not while there was a good firm £10,000 below him.

2194. Still, you submitted his tender with the two others? Yes. I sent it on by order of the Board.

2195. Why did you ultimately tell the Board that your son was a member of the firm of Derbidge & Co.? I told them as soon as I saw any prospect of Derbidge & Co. being likely to secure the contract. I told the Board when Derbidge's tender came on for serious consideration.

2196. Had your son's connection with Derbidge's tender been talked about? I believe it was. It was talked about all over the place that Reynolds and Co., Miles, young Miles and Walker, all were in it.

2197. When you forwarded the tenders to Mr. Bell, did you tell him, in connection with Barrowman's suggestion, you had agreed to amplify the specifications? No; the interpretation clauses were not ready then; the secretary forwarded the tenders to Bell.

2198. You had discovered the weakness in the specifications before that time? Oh, yes.

2199. And you had decided to interpolate clauses? Yes.

2200. Would you not think that Mr. Bell, as engineer of the Board, should have been advised, or asked to advise on that? I believe he was advised; Mr. Barrowman wrote him. Mr. Barrowman carried on all the correspondence with Bell about the expert questions. He wrote about the contract weights of stone, &c.

2201. When do you think that Barrowman wrote about the proposed alterations? I can't say. He was in communication with Mr. Bell.

2202. Do you think when Mr. Bell got the tenders he was aware of your intention to amplify the specifications? I could not say whether he was or was not.

2203. You have been a contractor yourself—did you think that the alterations would involve higher cost? Not to my mind, if the contractor intended to carry out the spirit of the contract.

2204. Why did you think that Hungerford would not do that? Because I heard so.

2205. From whom did you hear that? Well, from McKay. The contractors were all chaffing one another about the tenders, and they were chaffing Hungerford that he had been £10,000 too low.

2206. Then, this is what McKay told you, is it? Well, it was a matter of public comment. It came to my ears from what I heard outside the doors of the Boardroom. When they were chaffing Hungerford about being so much under the others, he said, "Ah, but you fellows tendered for the maximum weight, and I tendered for the minimum." That may or may not have been correct; but that confirmed me in the opinion that we wanted some clearer definition.

2207. But you had previously decided that? Oh, yes, we had previously decided it.

2208. Did you not consider it your duty to inform the tenderers present that the specification needed amplifying? No. In dealing with the tenders we had referred them to Mr. Bell. My intention was to go with Mr. Barrowman and discuss the whole thing with him, but that was altered by his telegram.

2209. Then, you differ from Mr. Bell as to the alterations involving extra cost to the tenderer? Yes, I do. If the contractor intended to carry the contract out in spirit, he would base his tender on 15-ton stone. I do say that a contractor under the original conditions might put in 10-ton stone and say he fulfilled the contract.

2210. Do you think if Mr. Bell had been advised of the clauses—if they had been sent to him before the tenders—he would have allowed them to be imposed on the contractors? He said they were most suitable.

2211. Has he not also said they were most unjust? Yes, but only since he was in communication with Hungerford in New South Wales. It is since that he found out they were unsuitable.

2212. Don't you know that Mr. Bell thinks that these clauses were prepared before the tenders were called for? There is nothing to show that.

2213. Then, you think that Mr. Napier Bell altered his mind? Yes.

2214. You think that he said afterwards what he did not think before? I think that he had not considered the matter fully before; that he fully considered it afterwards, and then thought that injustice might be done to the contractors.

2215. He sent a calculation in detail as to the extra cost involved by the alteration? Yes.

2216. Could that be worked out from his figures? Yes.

2217. And do you know what would be the extra cost to Mr. Hungerford? I could tell you. I work it out that it would be between £6000 and £7000. He works it out in this fashion—

[Witness explained Mr. Bell's comparative figures, giving analysis of weights of stone under first and second conditions of contract read from Letter-book. See Appendix.]

He works it out in a manner which is most ridiculous for any engineer to put on paper. Mr. Bell deals with the old or original specifications and the new as altered, and he starts on this basis:—He starts to show us how this alteration is unfair to Mr. Hungerford. He says there would be so many side-tips—that is, trucks for stone of the first-class on the 10 to 20 tons basis. A truck is 20 tons—that is, it carries 20 tons. Under the old conditions it would carry two 10-ton stones; under the new conditions it would carry one 15-ton stone; therefore he shows that it is unfair to the contractor because we specify for an average of 15 tons, and he can only put one 15-ton stone in a truck instead of two 10-ton stones. We might as fairly contend that the truck should be 15 tons, because who is going to put 20-ton trucks on a job if he is only wanted to carry 10-ton stones? It is true you can put two 10-ton stones in a 20-ton truck, but that is the minimum weight in the class, and a contractor taking advantage of that clause and putting in only 10-ton stone, the job would be a failure. When you work it out on the basis of 15 tons each truck, the whole thing is as fair under the new as under the old contract. The premises on which he worked it out would not stand looking at. Mr. Driffield pulled the whole thing to pieces at once, and called it absurd, in that he takes the maximum size of truck (20 tons), and then takes the minimum size of stone, and then says under the old contract you could put two 10-ton stones in a truck, and under the new conditions you could only put one 15-ton stone. The comparison is not fair for the new conditions as against the old. I admit that Mr. Bell appears to think there is £6000 or £7000 difference as between these two tenders, but, as a contractor, I say that the basis on which he arrives at it is absolutely absurd.

2218. Do you think that under the old contract it would not be necessary to put in some 20-ton stones? It would not be absolutely necessary.

2219. Under the old contract could a contractor evade or avoid putting in 20-ton stone? I would not put it in unless it suited me. If it came out of the quarry I might put it in.

2220. Would a contractor under the old conditions of contract be doing legally his part if he put in the whole of the stone at 10 tons weight? I think so.

2221. What does the specification say? The specification says that first class stone must be from 10 to 20 tons. I read that; that any stones from 10 to 20 tons are in the first class. If I put any stone in between 10 and 20 tons I should claim that was first class stone. Anything between these two weights is first class rock.

2222. The question is, would a contractor be legally carrying out his contract if he did not put in some 20-ton stone? Yes, I think he would be legally carrying out his job under those conditions if he did not put a single 20-ton stone in.

2223. Yes; but would he have some 20-ton stone, and require to have 20-ton rolling-stock and cranes? Yes, some. He would want some 20-ton trucks and 20-ton cranes, but he would provide for the bulk of his rolling-stock to be 10-tons and the bulk of his cranes to be 10-ton cranes.

2224. Have you Mr. Driffield's letter respecting Mr. Bell's analysis of the contract? Yes.

[Letter from Warden Driffield, dated 16th June, 1899, put in and read. See Appendix.]

2225. By Mr. Mackenzie.—Do the old conditions say that the stones shall be from 10 to 20 tons? Yes.

The Committee adjourned until 2.15 p.m.

AFTERNOON SITTING.

Mr. Lewis resumed the chair.

Captain Miles's examination continued.

2226. By Mr. Mulcahy.—Did you at any time subsequent to the acceptance of the first tenders, recommend the acceptance of Derbidge and Co.'s tender? Yes, I have the letter here.

[Letter from the Master Warden of 25th May read. See Appendix.]

In that letter I recommend the acceptance of Derbidge and Co.'s tender, and I stated that my son was a partner. That was the first time, I considered, that the tender of Derbidge and Co. had come under review.

2227. You refer in that letter to cables to Derbidge and Co.? Yes.
2228. Have you got copies of those telegrams? No.
2229. Would they not be sent by you as Master Warden? No, they were sent by me, and to me by Derbidge and Co., but not as Master Warden. When Mr. Bell cabled I immediately telegraphed to Derbidge and Co.—“Will accept if you agree to carry out our conditions.”
2230. By whom were the amended conditions sent to Derbidge and Co.? I sent them.
2231. As Master Warden? I suppose as Master Warden.
2232. Did you send a covering letter with them? Yes.
2233. Have you a copy of the letter? I have no copy.
2234. Did you ever cable to Derbidge and Co.? Yes.
2235. Where did you address the cable? To Lyttelton, New Zealand.
2236. Where were the cables from? From Hobart.
2237. Then there would be no difficulty in getting the originals? There ought not to be.
2238. Will you supply the Committee with copies of the telegrams? Yes.
2239. There will be no difficulty in getting them from the Post Office? Very little.
2240. Did you say you wired about the amended specifications? No, I wrote and sent the amended specifications.
2241. Did you send the amended specifications to anyone else? No.
2242. To Langtree? No, I had no reason to send them to Langtree; I had reason to send them to Derbidge. You see, Mr. Bell wired me—“Accept Derbidge’s tender if he will come and manage himself, and accepts new conditions.” I wanted to see if he would accept the new conditions.
2243. As Master Warden, did you come in contact with the contractors who were viewing the site of the works? Yes, a great many of them.
2244. Who represented Derbidge & Co.? My son; he made the inquiries, and represented the firm.
2245. He made the inquiries, and framed the estimate? He made the inquiries as to what Derbidge & Co. should know, and represented Derbidge.
2246. Has Mr. Derbidge been there himself? Yes.
2247. Has he been there lately? No, not for some years.
2248. He has been there and seen the site of the works? Yes, and smoked his pipe there.
2249. Is that since Mr. Napier Bell was estimating for the work? No, it was years ago.
2250. To your knowledge, do you know if the senior partner was there at all? No, he was not there after tenders were called, but had been there previously.
2251. Then, was your son the sole representative of the firm in the colony? As far as I know, and I think I do know.
2252. You were present when this telegram was read, purporting to come from one of the senior partners to Mr. Hungerford—“Leaving Friday. Junior partner will meet you on arrival, with full power to act. Hobart, 27th April.”—Have you any idea who sent that cable? I don’t know who sent it; I presume my son sent it, representing Derbidge & Co.
2253. How could your son send that when it referred to another person leaving on Friday? That you must ask him; he will be here presently.
2254. You can give no information? No, I don’t know.
2255. Did anyone represent Stocks & Co. in Tasmania? Not that I am aware of.
2256. But in the tender it gives the address for notices as the Union S. S. Company? Yes.
2257. Do you know that Stocks & Co.’s address was Union Steam Shipping Co., Hobart? I don’t know. What was the address, Mr. Prater,—you have it there? [Mr. Prater shows document.] “Stocks & Co., Sydney,” is the address.
2258. Was your son at Strahan when the first tenders were opened? Yes.
2259. Was he present when they were opened? I think he was at Strahan.
2260. You don’t know if he was at the Board meeting representing the firm of Derbidge and Co.? No; I don’t think he was.
2261. You said that most of the tendering contractors were there,—was he present there? I can’t say from memory. It is possible that he was in the room if he was in Strahan.
2262. Was he in Strahan? Speaking from memory, I believe he was. I think he was.
2263. Then was the address given, “Derbidge and Co., Strahan?” Of course an address was given by those tendering firms where communications could be addressed to them. I can’t tell you from memory, the address of anyone. I believe “Derbidge and Co., Hobart,” was the address given.
2264. Is Derbidge’s tender filled in in your son’s handwriting? I should think it was, it is like it.
2265. What was the difference between Hungerford’s tender and your son’s? Derbidge’s tender was £43,963, and Hungerford’s £33,731, that would be £10,232 difference.
2266. Did you think it was fair to Hungerford to offer another firm £10,000 more to do the work which you expected him to do for £10,000 less? What is that?
2267. Did you think, as Master Warden and father of a member of one of the firms of contractors, that it was fair to offer £10,000 more for work that another was willing to do for £10,000 less? After Hungerford refused it, yes.
2268. Not prior to that? You ask me whether, when Hungerford had refused it, I thought it fair to offer to accept Derbidge’s tender at £43,963? Yes.

2269. Did you consider it fair to the Marine Board to have to pay £10,000 more for work than it could be done for. Did you consider that right when Hungerford could do it for £10,000 less? I never considered that Hungerford could do it for £10,000 less. I considered it an absurd and ridiculous offer.

2270. Did you not think it right to ask Mr. Hungerford to comply with the conditions, and to carry the work out? Yes.

2271. Did you ever offer him more money? No.

2272. Did you ever suggest to him the fairness, if he would carry out the work, of asking more money? No.

2273. Then you thought he should carry out the work at the amount of the original tender? I thought he should carry it out.

2274. On the altered specifications? I never considered the specifications at all altered, only interpreted.

2275. Did you recommend your Board to pay £10,000 more for the work? Yes, I did.

2276. To a firm of which your son was a member? I did, and I gave good reasons for doing so. Their tender was less than our own estimate, and 10 per cent. lower than Mr. Napier Bell's estimate, and below the average of the others, and what was considered a low price.

2277. What was the date when Mr. Hungerford wrote to Mr. Napier Bell that letter which he took as a final refusal of the contract? It was written in Sydney. I don't know; I think it was the 19th June, or the 16th June.

2278. And what was the date of your letter to the Board recommending the acceptance of your son's tender? 25th May.

2279. Had Hungerford refused then to take up his contract? He had refused in Hobart to take up his contract.

2280. On the original specification? No; that was never offered here; Mr. Bell offered it in Sydney.

2281. It was offered? Yes.

2282. He would not have refused to take up the contract on the original specification at that time? It was never offered him.

2283. He refused to take it up on the amended specification? Yes.

2284. He came here to pay the deposit, and to take it up on the original specification? No; I think he came here to take it up on Derbidge and Co.'s tender, if he could get it.

2285. Now, we want matters of fact, not opinions. Did he not offer, through the Board's solicitors, to take up the tender on the original specifications? I don't believe he did.

2286. Have you ever heard this letter read before the Strahan Marine Board—it is from Messrs Roberts and Allport to Messrs. Perkins and Dear, and is dated 16th May, 1899. It says, "The Strahan Marine Board having declined the further deposit of Messrs. Hungerford and Sons, and having insisted on the contract being altered, our clients will hold the Board responsible for damages for breach of contract." Did you know of that letter? I have never seen it before, but I believe there was such a letter.

2287. Then, did you know he had offered to sign the original contract? I believed he had.

2288. Therefore, he had not refused to sign on the old conditions; he had only refused to sign on the new conditions? Yes, that is so.

2289. And you expected him to do the work on the new conditions at the same price as he would do it on the old conditions? I expected him to carry it out on the old conditions and on the interpretation clauses.

2290. Well, you expected him to do that, and yet you recommended the Board to accept a tender £10,000 higher on the same conditions? Yes.

2291. Would you not have thought it fair to consider Mr. Hungerford and see if he would not do it for the £10,000 more? That would have been a ridiculous thing to have done.

2292. Did you ever doubt his ability to carry out the contract? Not his ability.

2293. Is he a capable man? Yes.

2294. You had a knowledge of Mr. Hungerford in connection with previous contracts? Yes.

2295. You knew he could do it? Yes; I knew he could do it if he liked.

2296. What reason had you for proposing to take the tenders over to Melbourne to Mr. Napier Bell? For the reason we originally agreed on—that we should put them before him before accepting a tender.

2297. What more could he have before him than the tenders? I should have taken with me the whole of the schedules.

2298. Could he not have had those sent over without your visiting Melbourne? Yes.

2299. What was the special necessity for your visiting Melbourne? To save time. Mr. Bell was away on business in New South Wales, and I arranged with him that he would come to Melbourne and meet me. I was to meet him there with Mr. Barrowman, and there we were to consult him. There the tenders were to be opened and taken by Mr. Bell to go through them.

2300. Did you suggest, ultimately, that Mr. Hungerford should be offered the contract on the original specifications? I did.

2301. Did you think the Board amply protected under them? No, I did not, by any means.

2302. Yet you recommended that it should be offered to him? I said to the Board—there were eight men—I said, "Well, if you think we are protected, I will wire to Mr. Bell now, and tell him to offer the contract to Hungerford." Still, I did not think we were protected.

2303. Then, again, in opening the last tenders, who suggested that they should call in Hungerford? I did.

2304. That Hungerford should be called in and offered the work? Yes; because there was absolute silence at the table. When the tenders were opened one Warden said that he was not satisfied that Hungerford had had the contract offered to him. I said, "Well, if you are not satisfied, call him in and offer it to him again."

2305. You were satisfied to do that, then? Yes, because it was the will of the Board. I was not satisfied in my own mind.

2306. Do you consider that Hungerford ever did distinctly decline, prior to that date, to do the work? Yes; I considered he had declined when Mr. Bell offered it to him in Sydney. He fenced the question as well as he could.

2307. Oh, we can judge of that. Do you consider that he did refuse it in Sydney? I do.

2308. Do you think his claim for unnecessary expenses was fair under the circumstances? Yes; I think it was a claim that might fairly have been allowed.

2309. Was it allowed? No. Mr. Bell said, in his telegram, that he would not discuss it at present.

2310. Do you know that Mr. Hungerford offered to do the work if he was recouped the unnecessary expenses by the Board? No, I don't know that he did that.

2311. You know his telegram to Mr. Bell of the 17th June—"I am afraid of more intriguing, not by either you or Barrowman, of course. Better get Acting Chairman offer contract under original conditions of specifications without any new stipulations, and that they will pay unnecessary expenses incurred, and will accept contract. See conditions re accepting contract. Now, I ask you whether he did not, on condition that his unnecessary expenses were paid, agree to accept the contract? No, I don't think so. He thought it better to see what would come along.

2312. Mr. Bell wired him—"Board empowers me to act with a free hand. I have offered you the contract." Then, although Bell was acting with a free hand, Hungerford replied, "Am afraid of more intriguing. Better get Acting Chairman to offer contract under original conditions, and if they will pay unnecessary expenses incurred we will accept contract." Did he not by this agree to accept the contract? No, because he said if Mr. Bell got an offer they could accept. That was not an acceptance. He asked Bell to get an offer from somebody else. That was not an acceptance, in my opinion.

2313. Then, you don't consider this telegram of 17th June from Mr. Hungerford to Mr. Bell an offer to accept the contract on the original conditions if offered to him by the Acting Chairman? No, I don't,—Oh, yes, he said he would accept the contract if offered to him by the Acting Chairman, whatever the Acting Chairman means; that was in reply to Mr. Bell's distinct question, "Will you accept it?"

2314. *By Mr. Archer.*—Captain Miles, I understood you to say that you received a communication from Mr. Bell suggesting that the contract should be offered to Hungerford & Son at an increased price, as suggested by the Board? Yes.

2315. Was that done? I don't know. When the Secretary wired me a copy of the Board's telegram to Mr. Bell, I wired to Mr. Bell not to do anything in the matter until he got my letter, and in any case not to do anything unless he used the words "without prejudice."

2316. Was this increased price less than the tender of Derbidge & Co., which you asked Mr. Napier Bell to accept? I don't think any increased price was fixed or spoken of.

2317. There was £6000 or £7000, I think, mentioned as the increased cost under the new conditions? I don't know; I don't think so. The following telegram was sent to Mr. Napier Bell, and a copy was also forwarded to the Master Warden:—"Will you negotiate with Hungerford terms on which he will accept contract on the amended specification—remembering, Derbidge willing to accept. Board await your advice before deciding future course." That was the telegram that was sent.

2318. You have misunderstood me, Captain Miles. You have said that Mr. Napier Bell wrote or communicated with the Board suggesting that Hungerford be offered the contract at increased terms, as suggested by him? No; I am not quite clear about that. What his letter says is, "If you wish to negotiate with Hungerford the following will be a fair alteration in the rate:—"

2319. And mentions the amount to be about £6000 or £7000? Yes.

2320. Then, that would be about £3000 less than Derbidge's tender which you asked Mr. Napier Bell to accept? Yes; £2000 or £3000 less in value.

2321. Was that on the 4th of June? Yes.

2322. When did you first tell the Board that your son was interested in the firm of Derbidge and Co.? As a Board, I told them in that letter of the 25th May.

2323. That was after the tenders had been opened? Oh, yes.

2324. In reference to Stocks & Co., do you know if they were supplied with any particulars of the works to be done at the Harbour? Yes, I think they were. On the second tenders, not the original tenders. I don't know except what the Secretary said.

2325. I want to find out how Stocks & Co. came to tender for the work. They had not seen it, and I want to find out if there were any particulars sent, and to whom they were addressed. Do you know if any members of the firm of Stocks & Co. were in Hobart when a wire was received from them withdrawing their tender? I don't.

2326. Do you know if your son was in Hobart on the 24th or 25th April? I don't know, unless I could get something with which to fix it in my memory. I don't know what to fix it by.

2327. It was just about the time that Hungerford came here? Well, he would be here then, if it was the time that Hungerford got here.

2328. Now, after the tenders were opened you wrote a letter to Mr Napier Bell, the copy of which can't be found. Can you tell us the contents of that letter? I can't tell you from memory much more than this letter states. (Witness produces a letter of 31st May to the Board, making reference to his letter to Mr. Napier Bell of 21st May.) I am speaking now of the question you asked me about negotiating with Mr. Hungerford. I said, "I have written Mr. Bell, fully pointing out the danger, and have wired him not to approach Hungerford until he gets my letter; and then, if he thinks it desirable, to make overtures, to do so without prejudice." That letter was something like this one I wrote to the Board.

2329. Do you know in what particulars your letter differed from that of the Secretary? I don't.

2330. Because in one of your letters you express your regret at having misled him? Oh, no; nothing of the kind ever occurred. I said, in reply to a letter he thinks I had misread (Barrowman's letter), I said if I had unintentionally misread the letter, I would correct it. That is the letter to which I replied. It was in reply to a private communication from Barrowman to Bell; that is Bell's reply to me, and that is my reply to Bell—(letters produced).

2331. Then, your answer is, that after the tenders were opened you wrote a letter to Mr. Napier Bell and kept no copy, and in one of your letters to Mr. Napier Bell respecting the contract you expressed regret at having misled him? I don't remember ever having used such an expression.

2332. You say you did not use it—I am referring to a letter? I am pretty certain I did not.

2333. *By Mr. Mackenzie.*—Captain Miles, I think you said there were two alterations in the first specification—one was that the quantities were omitted? Yes.

2334. Then, when you called for new tenders you supplied the tenderers with the missing quantities: Stocks says he did not get any, and so he wished his tender to be withdrawn—do you know why Stocks & Co. did not get this information? I don't know, excepting that Stocks was not at Strahan. The schedule of quantities was left at Strahan a week before the tenders were opened.

2335. Well, to enable them to tender they wanted that information—Stocks & Co. did not get the information; why not? I presume they were not on the spot, and the men who were on the spot had a copy put in their hands. Those who were away had a copy sent to them, I believe.

2336. Some of the absent ones tendered—they got that information all right, I suppose? I don't know how many were absent. (To Mr. Prater)—Do you know whether Walch got these particulars, Mr. Prater?

Mr. Prater: I did not send them to any one; they were in the office and given to contractors who called.

Captain Miles: All I can say is that the contractors on the spot got a copy of these conditions. I thought those who were absent had a copy sent to them.

2337. Were Derbidge & Co. on the spot? A representative of Derbidge & Co. was on the spot.

2338. And he was supplied with the missing quantities? I expect he was.

2339. The other alteration was as to the weight of stone? Yes.

2340. You say, as an old tenderer, that you could, as a tenderer, have fulfilled the contract if you had put only 10-ton stone in the work? I said, as a tenderer, I would not fulfil the spirit of the contract with 10-ton stone. From a contractor's point of view I would consider I had complied with the conditions if I had put in stone anything over 10 tons.

2341. Under the new conditions, then, you were increasing the work to the contractor. Supposing a tenderer honestly thought that 10-ton stone would do there, and then you imposed on him 15-ton stone, would not that be increasing the work and the cost? But I am not imposing 15-ton stone. I say that is the spirit of the contract. I was aware it was necessary and should be carried out.

2342. But, as a tenderer, you say you would have fulfilled the work under the first specifications if you had put in anything over 10-ton stone? As a contractor, I thought 10-ton stone would fulfil the contract, and I believe an engineer would have to accept it.

2343. And in altering that according to the spirit of the contract, would you not be increasing the work to the tenderer? No, I don't think so. You only block up the loop-hole, by making the average weight 15 tons. He was obliged to give you a fair proportion of large-sized stone, but that depended entirely on whether the contractor was going to carry the contract out in spirit, or whether he looked at the specification to see where he could find a hole or work points.

2344. All these tenderers tendered under the old specifications. Was Mr. Hungerford informed of the alteration when you asked him to come to Hobart to sign the contract? He was in New South Wales? I don't think he was, unless he took the form of that telegram, "conditionally upon your signing the contract being prepared by the solicitors," to infer that something was being put in the contract that he did not know of.

2345. That might be a trivial or a serious matter—suppose you were in Hungerford's place, would you have signed the contract under the modified interpretation? Yes, I believe I would.

2346. I ask whether you think it was more stringent than the first conditions? I think it closed up the loop-hole by which a contractor might get out of the spirit of the contract; but it did not alter the spirit of the contract one scrap, in my opinion.

2347. And you would have signed the contract under the altered specifications? Yes; if I had tendered under the contract as first put out, and wanted to carry it out in spirit, I would have signed the specifications, of course. If I had tendered with a view of not getting my profit out of the work but by points, and by working points on the minimum weight of stone, then I would not have signed.

2348. Do you know the difference between Mr. Derbidge's first tender and his second? I can tell you. One was £43,963, and the other £39,877.

2349. That makes a difference of over £4000 between the two tenders, and, notwithstanding that the conditions were more stringent, Derbidge's second tender was £4000 less than his first? I believe so.

2350. *By Mr. Propsting.*—What special knowledge was required to make an estimate of a work like this? Very little, indeed.

2351. What does one making inquiry require to do? If he had the plans and specifications and a copy of Mr. Napier Bell's report with the quantities, and a locality sketch, there is very little for him to find out, except the nature of the stone he has to deal with.

2352. Is it essential that one should visit the *locus in quo*? No, it is not essential; it would be advisable, of course.

2353. Where was your son living when he made up his tender? At Strahan.

2354. Were you living there too? Part of the time—yes.

2355. Did you assist him in the matter? Which matter?

2356. In the matter of preparing his tender? No.

2357. Did he refer to you in any way? I knew what he was doing, but he did not refer to me or anyone else, that I know of: if he had, I should probably have advised him.

2358. When you sent that telegram to Mr. Hungerford, telling him to come to Hobart to sign the contract, could he have understood it was anything else than the contract on which he tendered? I think the word "conditionally" should have conveyed to his mind what I intended it to convey.

2359. Was there any contract referred to in the tender? Yes; any tender generally refers to the form of contract annexed, but in this case there was no contract annexed at all. That was the weak spot. The Solicitor-General picked it up at once.

2360. You tell us that if you had been a contractor you would have thought it sufficient to put in from 10 to 11-ton stones? I did not intend to convey that impression.

2361. What did you intend to convey? I intended to convey that I could, as a contractor, put in stone anything over 10 tons and comply with the conditions of the contract.

2362. Do contractors, as a rule, work to the spirit or the letter of the contract? Some work to the spirit, some to the letter. It depends on whether a man is going to make his money out of working points or out of profits,—whether he is scheming or going to make his money out of the work.

2363. When you recommended the Board to accept Derbidge's tender, did you recommend them to accept it on the original specification? Yes, with the amending or interpretation clauses added.

2364. Was the Board ever advised to give Derbidge & Co. the contract on the original specification without alteration? You see, the Board passed the alteration almost at once. They would not let the tender, excepting with the interpretation clauses.

2365. *By the Chairman.*—Do you know anything, of your own knowledge, of the firm of Derbidge & Co.? Yes, I know who they are.

2366. How do they spell their name? D-e-r-b-i-d-g-e.

2367. Are there two brothers in Lyttelton? Yes.

2368. Have either of them been employed by Napier Bell? Yes; one of them has carried out several very large works for Napier Bell.

2369. Mr. Hungerford mentioned a Derbidge at Lyttelton; was not that the one that worked with Mr. Napier Bell? The Derbidge of Lyttelton has been there, to my knowledge, for 30 years. He has carried out breakwater and big dock contracts, and the whole of his work has been carried out under the control and supervision of Mr. Napier Bell.

2370. Do you know of anyone in the same line of business in New Zealand of a similar name? I do not think there is anyone else of that name in that line in New Zealand.

2371. Can you say, from your own knowledge, when your son became associated with Derbidge? I presume when this job came out.

2372. That is before the 17th of April? I expect as far back as the beginning of February.

2373. You knew it then? Well, I did not know it, but I anticipated they had been in communication for some time.

2374. Did you know that Leslie Miles was a partner of Derbidge on the 17th of April, when the tender went in? Yes, I knew he was interested.

2375. On the 31st of July, when the second tenders were received, you stated to the Board that you would take no part in deciding whose tender should be accepted? Yes.

2376. What was your reason for taking that action on the 31st of July, and not doing so on the 17th of April? Because on the 31st of July Derbidge's tender was the lowest, and would come under review: on the 17th of April it was higher, and would not come under review. And there was another reason why I was not anxious to disclose my son's name to the other tenderers as being connected with Derbidge & Co. He had a steamer running to the Heads,

and bought that steamer for the express purpose of doing the work. If he could not get the work for himself, he was anxious that the successful contractor should not know that he had tendered, because he wanted to get that man's work to the Heads, and did not want the tenderer to know that he had been a competitor. For that reason his name was not disclosed until Derbidge's name was likely to come under review.

2377. *By Mr. Mulcahy.*—When you advised the acceptance of Derbidge's tender, did you know that he would carry out the work under the altered specifications? Yes, I knew it.

2378. How did you know it? Because I was told so; my son for one told me so repeatedly.

2379. Had he sent any communication to the Board offering to do it? I think not.

2380. Simply a verbal communication to you? Yes.

2381. How old is your son? Twenty-three.

2382. Has he ever had any experience of blasting or rock work? He has had experience of machinery.

2383. As a contractor, has he had any experience? No.

2384. When the Board approved of the interpretation clause, was any dissent expressed? No dissent as far as I know. It would appear in the minutes of the meeting of 11th May. (Minutes of meeting 11th May, and special meeting immediately following, read.)

Witness continuing.—Well, after reading that, I am inclined to think the acceptance of these clauses was held over until we got Mr. Bell's reply. His telegram came in time for the meeting of the 15th May. His telegram approved of the interpretation clauses. I think, if I remember rightly, that telegram came immediately after the meeting of the 11th May. It was on the 15th that the interpretation clauses were approved.

2385. Mr. Napier Bell provided the Board with some detailed estimates of quantities and prices prior to the calling for tenders? Yes.

2386. These are they—are they not? (Paper.) Yes.

2387. If the information contained in these papers had been disclosed to a tenderer, would it have been of any use to him? I should think it would.

2388. If one contractor had had access to this information, and the others had not, would he stand on a better footing in consequence of that knowledge? Yes; I never knew it was in the office until long after it had been left there.

2389. Was that prior to the calling for tenders? No; some time after that.

2390. Had you never seen this before the tenders were opened? This was left by Napier Bell with Mr. Prater when I was away. Mr. Prater locked them up, and never saw them again for probably months after.

2391. Had you never seen this estimate of prices? No; Mr. Bell informed us of the total.

2392. You had never seen the quantities worked out at his prices? No; I had seen quantities, but not prices.

2393. Do you remember the Board meeting when Mr. Bell's letter to Mr. Barrowman was read? Yes, the private letter, as I called it.

2394. Did you object to that being published? I did not object to it's being published.

2395. Did you ever threaten the Board with an action if this letter was published? It was asked at a meeting if there was a letter from Mr. Bell to Mr. Barrowman, and I did not know anything of it. I inquired and found there was. One of the members then asked if it might be read, and Mr. Barrowman said it was a private letter. I discovered it had already been read by one of the members of the Board, and therefore did not see how it could be called private. After it was read I asked the Committee if it should be considered as a private letter or for public information; if private, I could do nothing in the matter, but, if they considered it public, I must take some action. The Committee considered it private.

2396. *By Mr. Morrisby.*—You said that Mr. Barrowman drew up these explanatory clauses before the tenders were in? No; I think we had them under consideration when the tenders went in.

2397. Then, if Mr. Barrowman said he drew these explanatory clauses on the 27th of April, would that be correct? I expect so.

2398. On the 6th of May you wired to the Secretary of the Board instructing him to call a special meeting of the Board for 11th May? It is quite likely, yes.

2399. Was that entirely at your own suggestion, at your own will, that you sent that telegram to give notice to the Wardens of a special meeting? I think so.

2400. Try and be sure, please, because you would know that? Well, if you tell me what is in your mind in respect to this, I will tell you whether it is right or wrong.

2401. Was it entirely out of your own mind, or was it at the suggestion of someone else that you got that telegram sent to Mr. Prater? Do you mean the one that commences, "Gaffney is here,"—is that the one you are speaking of?

2402. I am speaking of the wire with instructions to call a special meeting for 11th of May—This is the wire I sent on 6th May to the Secretary (reads), "Gaffney is here; says he can return on Thursday; call special meeting for that date to consider draft contract, which will be read on Monday. Solicitors consider it necessary, for Board's protection, to make some additions."

2403. Did that emanate from yourself, or was it at the suggestion of anyone else? I should say it emanated from myself. Do you mean did some of the other Wardens suggest it?

2404. Yes, I mean that? It is possible—I cannot remember.

2405. With that notice a copy of the explanatory clauses was sent to each member of the Board? That I cannot say from memory. Mr. Prater can no doubt tell us.

Mr. Prater: On the 5th you wired to me, "Yes; supplying all Wardens with copy of clauses in question, as I must be here to meet Hungerford again on the 12th. Would like to have Board meeting next Thursday; can Henry attend on that date?" I think all the members of the Board were provided with a copy. They were put on the table before each Warden at the meeting.

2406. Then, at that meeting on the 11th of May, that would be the first time the Board would know, as a Board, anything of these explanatory clauses? The first time the Board had them before them as a Board.

2407. Now, you were present at that meeting of the 11th of May, and you informed the Board of the clauses, explained their nature, and acquainted them with the fact that Hungerford refused to sign the contract, and stated that you had granted Hungerford ten days to consider them? I expect so. (Refers to minute-book.) Yes.

2408. Did you also say that you did not believe that Hungerford would sign after the ten days had elapsed? I can't say I did. I may have done so.

2409. Will you say you did not? I do not remember. I may have done so.

2410. Did you say that in the event of Hungerford not signing, you would recommend the Board to accept the next lowest tender, that of Derbidge & Co.? I can't say; I may have done so; I have no recollection.

2411. If the other members of the Board stated that you had done so, would that be correct or incorrect? If the other members of the Board stated that I did so, I should say that would be correct.

2412. At that time had the Board any knowledge that Leslie Miles was a partner of Derbidge & Co.? I cannot say; I know I did inform them.

2413. Your letter to the Board is of a later date? Yes.

2414. When you explained the interpretation clauses, and communicated that Hungerford would not sign them, were you asked the question whether Mr. Napier Bell had been communicated with? I do not know whether I was asked that question.

2415. Did not I ask you that question? You may have done—I don't think you did.

2416. Did I ask you for copies of correspondence that you admitted having sent on to Napier Bell? If you say you did I am not going to deny it; I only say I don't remember.

2417. Did I move a resolution that nothing further should be done in the matter of the explanatory clauses until Napier Bell had been communicated with? It is possible that you did.

2418. Can you find it in the minutes? No; and if it does not appear there, I should say it did not happen.

2419. *By the Chairman*.—Let us clear up this point. You say you did move a motion; is that the motion postponing the consideration till the 15th of May? [Mr. Morrisby]: No. I moved a definite motion that nothing further should be done respecting these explanatory clauses until Napier Bell's approval had been received, and a reply came to the Board the same afternoon, and it was dealt with at the meeting on the 15th.

2420. What you desired to effect was carried out? [Mr. Morrisby]: Yes, it was carried out.

2421. Then it does not seem to make any difference? [Mr. Morrisby]: Except for the fact that I made a statement that such a resolution was moved, and it does not appear on the minutes.

2422. *By Mr. Morrisby*.—Do you think the whole business of the meeting is in these minutes? Well, if the meeting commenced at 11 and finished at 4, there must be a lot of discussion left out, of course. Some motions, of course, would involve about an hour's talk, and that would not look much on the minutes when the bald statement of the motion was put down. You remember, at a previous meeting, one of the Wardens took exception to the length of the minutes, and, no doubt, Mr. Prater endeavoured afterwards to cut them down.

2423. You are aware that the Board had previously passed a resolution that they would hold Napier Bell responsible for the whole work? I don't remember such a resolution;—what date would it be?

It was earlier than the 11th of May. (Resolution looked for in the Minute Book.)

[Chairman to Mr. Morrisby]: Is this essential? [Mr. Morrisby]: Oh, no; it can be looked up after.

2424. *By Mr. Morrisby*.—The approval of Mr. Napier Bell to these proposals was wired to the Board on the 11th of May; that would be based upon the information supplied to him? That would be based upon a copy of the interpretation clauses sent to him.

2425. Was there anything put before the Board to show that they had been sent to him? Yes; I think I wrote to the Board, and said I had sent him a copy of the interpretation clauses.

2426. What date? I find it is only dated "May, 1899," and it says, "Herewith I enclose copies of amended specification, &c." A telegram from Bell in reply, dated May 11th, saying, "Your interpretation clauses most suitable."

2427. When I went to get it, was there a copy of the information supplied to Mr. Napier Bell on the table of the Board? There was a copy of the interpretation clauses.

2428. You stated in your evidence that you took these re-estimates, these estimates of quantities, up to the office at Strahan, and left them there to be distributed to intending tenderers? I took some of them to Strahan, yes.

2429. The Secretary was to supply intending tenderers with these? I think he did so.

2430. Were those his instructions? Mr. Prater will tell you.

Mr. Prater: I understood those were my instructions.

2431. Do you know whether the Secretary sent one to Stocks & Co.? I do not. Do you remember, Mr. Prater?

Mr. Prater: I don't think I did myself, but I have a dim recollection that Mr. Barrowman said that he had.

2432. *By Mr. Morrisby*.—Do you know whether Stocks & Co., or any of his representatives, were at Strahan? I do not know; so far as I remember they had not been. There were two firms unrepresented, and Stocks was one of them.

2433. Bell's private letter to Barrowman, read by you at the Board meeting, was the first intimation that the Board had that Leslie Miles was a partner of Derbidge? I expect it was.

2434. Derbidge's schedule prices were the same all round, 3s. 5d.? Yes.

2435. All round for each class, four classes? Yes.

At 4 P.M. the Committee adjourned till Wednesday, 13th September, at 10 o'clock.

WEDNESDAY, 13TH SEPTEMBER, 1899.

In the absence of the Chairman, Mr. Mulcahy took the Chair.

2436. *Captain Miles* handed to the Chairman a letter from the postmaster as to telegrams alleged to have been forwarded by himself and his son, Leslie Miles; also as to cable to Derbidge and Co. (*See Appendix*.)

2437. *Captain Miles* called attention to a malignant pamphlet which had been circulated in reference to the case, and which had been sent to members of the Committee with a view to influence their decision. He did not believe for one moment that it would do anything of the kind, but as it was a vile attempt to prejudice the case while *sub judice*, he felt it his duty to mention it. After brief discussion the matter was ordered to stand over.

2438. *Captain Miles* then said, "I have to say with some regret that I made a statement to the Committee on Friday last which I now know was incorrect. I stated, in reference to a cable to Derbidge and Co., that I had sent that cable. When I inquired at the telegraph office they could not trace it. I saw my son in the evening, and asked him if he remembered my giving him the cable to bring across from Bellerive, and he said, 'Yes, I do, but I did not send it; I knew what was in Mr. Derbidge's mind, and I did not think it worth while.' He knew what was in my mind too, and I need not say it is a painful thing to me that my son has acted as he has done. I should have stated this before, but that he kept me in ignorance of what was going on; I thought the cable had been sent. The subject is painful to me, and I have been deceived, unintentionally no doubt, but still I have been deceived about it. I have also, within the last forty-eight hours, found out a good deal of information about Derbidge and Co. and also Stocks and Co., a good deal of information that I never knew before, and which, in all probability, the Committee will get from my son."

2439. *By Mr. Morrisby*.—At the time tenders were received, on 17th April, had you any idea as to Mr. Hungerford's financial position? How do you mean,—any idea of his financial position?

2440. Well, as to his means, or his ability to carry out the contract? No; I knew nothing of Hungerford's financial position. I believe he is a man quite capable of carrying out the contract.

2441. Then, why did you state to the men standing outside the Board meeting that he could not carry out the contract at the price? Because I considered that the tender was quite £10,000 below the value of the work, or more.

2442. *By the Acting Chairman*.—Did you know anything about Stocks and Co.—did you know if they had a representative in the Colony to view the work or not? I was told they had a representative at the works.

2443. Did you know if they had a representative in the Colony? I knew Stocks and Co., but I did not know who represented them in the Colony. I thought or imagined they had a representative in the Colony. I had reason to suppose they had. I know now who Stocks & Co. are.

2444. When the original tenders were put in were deposits put in with them? Yes.

2445. By all the firms? Yes.

2446. How were the deposits put in? Some in cheques, some in notes.

2447. Can you tell us which were in cheques and which were in notes? I can tell you two that were put in in notes; I believe all the rest were in cheques.

2448. Which two were in notes? I believe Derbidge & Co.'s and Stocks & Co.'s.

2449. How were they put in—to whom were they put in? To the Board.

2450. Who received them? I cannot see what you are driving at.

2453. I am driving at getting information as to this transaction. How were the deposits put in? I can clear that up in two seconds. I put in Stocks & Co.'s deposit. I put it up. I told the Secretary so at the time. I told him Stocks had asked me to do it.

2454. Did you put up Derbidge & Co.'s deposit? No, I did not; I gave my son the money for that.

2455. And did he put it up? Yes, he put it up as far as I know.

2456. Then he appeared at that time in connection with the contract? How do you mean he appeared?

2457. I mean as a partner in Derbidge & Co.? He was always a partner in Derbidge & Co.

2458. You gave us a reason the other day why that should not be known? Yes.

2459. And he put in this money? Yes. I have said so.

2460. How did you come to put up the deposit for Stocks & Co.? Because Stocks asked me to do so. I received a letter from Stocks with his tender. It was a sealed letter in the same envelope; and he asked me to put up this deposit, and said he or his partner would be in Hobart in a week or so. I told the Secretary at the time in the office that I knew the deposit was perfectly safe, and that I would put it up. I said to the Secretary, "Here's a pretty cheeky thing: I'm asked to put up two hundred pounds by a tenderer—do you think it's good enough?"

2461. Have you that letter? No; I have not got the letter.

2462. Did you receive that money back again? I did.

2463. On whose authority? Well, I do not know. I tried to find out the other evening by examining the papers on whose authority I came here to look for a telegram or letter, but could not find it. I wanted to know who signed the telegram asking the Board to pay me that money. I believe it was signed "Stocks & Co." Mr. Prater would know.

Mr. Prater: No, I could not find the telegram. I remember Captain Miles telling me he had a telegram from a man in Sydney asking the money to be put up to pay this deposit, and he made the remark it was rather a large order; but I have no telegram as to paying it back. I have a written authority to pay the money back; that I obtained as a voucher for the auditor. When I got a telegram signed "Stocks & Co., Hobart," I asked them to send written authority in place of the telegram I got asking me to pay it over to Captain Miles. I have the authority, but I have not the telegram now.

2464. *By the Acting Chairman.*—Are you sure you had it when you came to town?

Mr. Prater: It was up in this room, but it has unaccountably disappeared. I saw it here several times; it was a telegram from Stocks & Co. to the Marine Board, Strahan.

[Examination of Captain Miles continued.]

2466. *By the Acting Chairman.*—Did you know that Stocks & Co.'s Hobart address was care of Union Steam Shipping Co.? I did know that; I think I saw it on the tender.

2467. Then, some official of the Union Steam Shipping Co. would be able to say who was Stocks & Co.'s representative in Hobart? I don't know that; but I have no doubt my son will be able to tell you. Letters are often sent to the office of the Union Steam Shipping Co. for all sorts of persons, especially passengers—they might know.

2468. The letter you received was from Stocks & Co., Sydney? Yes.

2469. Did the order to refund the money to you come from Sydney also? No; that came from Hobart.

2470. At any rate, you received Stocks & Co.'s deposit back? Yes.

2471. Did you also receive Derbidge & Co.'s deposit? I received that for Derbidge & Co.; the Secretary handed it to me to bring to Hobart for Derbidge.

2472. Coming to your statement of this morning, and referring to your letter of 25th May, I find the following paragraph in your letter to the Strahan Marine Board:—"Looked at from Derbidge's standpoint, it would be doing his firm an injustice to pass them over. They naturally expected when their deposit was retained that, failing the lowest tender, they would get the job; and my several cables to them since in reference to management and special conditions, and their replies agreeing to all our conditions, entitle them to consideration." Do you now state that you did not send any cable to Derbidge & Co.? I stated that I sent a cable to them written at Bellerive, and forwarded by my son. I have been deceived by him. It is a painful thing to me, but you will get it from him presently.

2473. But I want it from you, Captain Miles? The letter should have said that I was informed instead of making a statement of fact; I should have said that I was informed the cable was sent.

2474. Did you want the Strahan Marine Board to believe that you had sent a cable to Derbidge & Co. with reference to the altered conditions? Yes; I wanted the Board to believe what I believed, that this cable had gone.

2475. And you want us to believe that your son had deceived you about the others also? There was only one cable, and I was informed that it was sent, and that a telegram came back. I believed my son, and took it for granted that the cable had been sent; I believed him when he said so.

2476. You alluded in your letter to several cables; this statement applies to only one cable which you thought you sent by your son? No; that applied to another part of the same letter, where I say that I immediately cabled to Derbidge in New Zealand, and got a reply that he would take part in the work.

2477. You say in your letter, "and my several cables to them since, in reference to management and special conditions, and their replies agreeing to all our conditions, entitle them to consideration"? That refers to cables sent to them on another matter. You see, I am summarising what is written in another part of the same letter. The several cables alluded to refer to these communications. I gave a cable to my son to take over from Bellerive, and he has admitted it now that he did not send it away.

2478. Did you send more than one cable to Derbidge and Co. on the question with regard to management, and informing them of the special conditions? No; I sent a cable and a letter, and I gave the interpretation clauses to my son to send on to Derbidge and Co., and he informed me he had got a reply, which information I used.

2479. *By Mr. Archer.*—Do you know who sent the wire from Stocks and Co. from Hobart, to Strahan Marine Board, withdrawing their tender? I have informed you that you will get that information directly from my son.

2480. *By Mr. Davies.*—When you recommended Derbidge and Co.'s tender to be accepted, did you not think it desirable to give Hungerford an opportunity of carrying out the work at a higher price, considering that the price named by Derbidge and Co. was some £10,000 higher in the first instance,—did you not think it desirable to give Hungerford an opportunity of carrying out the work, with the alterations suggested, and agreed to by the Board,—that is to negotiate with Hungerford for an increased price on the altered conditions? No, I thought it very undesirable.

2481. Why? Because I would consider it an improper thing to do—to allow a tenderer after putting in a low price so as to get a call of the job, and then increase his price, and come in and take to contract up to the next man's price.

2482. You express your opinion as a contractor, that that would not be allowed on any conditions? It is not the practice of contracts that the lowest tenderer should be allowed to increase his price; that would not be allowed in reference to buildings by any architect in the world. If you did, you would let him put in a very low price to get the call, and then raise his price nearly up to the next tenderer, and still get the job. It is sometimes the practice with contractors to put in a high and a low price, so as to get the call of the job, and on the chance to get it at the highest price. That is not justified.

2483. And it was because of the knowledge you had in the past that you thought that such a suggestion coming from you would have been, in your opinion, not fair or just to any of the other contractors? Certainly, that is so.

(Mr. Lewis resumed the Chair).

2484. *By Mr. Morrisby.*—Did not one of the members of the Board, Mr. Hall, suggest that the Board should negotiate with Mr. Hungerford? That the Board would negotiate with him to take the contract, do you mean?

2485. Yes, for the completion of the contract at an increased price? Yes. The Board passed a resolution to that effect.

2486. I am alluding to the meeting of the 11th May? Yes, that was the date on which the resolution was passed.

2487. Did not Warden Hall make reference to the question on the 11th May? He might; I don't say he did not.

2488. And you opposed it? No, I don't remember. In reference to that, there has been a good deal said. With a view, apparently, of getting at Mr. Hungerford's position, I think I should have the opportunity of putting the Board's position before this Committee. On the 15th May,—while I was in Hobart negotiating with Hungerford,—the Board passed a unanimous resolution that no contract should be signed unless the interpretation clauses were inserted, and they wired that on to me in Hobart to carry it out. They then adjourned the meeting till they got my reply. The Board also passed another resolution that, failing Hungerford's acceptance of the contract on those conditions, fresh tenders should be called for. That was the position I had before me when I was negotiating finally with Hungerford—that the contract should not be carried out without the interpretation clauses, and if it was not signed with those, then fresh tenders should be called for. I carried out the Board's instructions. If I had signed the contract without the interpretation clauses, the Board would have said to me—and very properly said—"You have disregarded our instructions, and ruined the contract and the whole job." They insisted on the interpretation clauses going in, and they insisted, further, that if not signed with that, then fresh tenders should be called for; that was decided at the meeting of 15th May, when there was a full Board with the exception of one member. On the 5th of June, with only five members present, and without rescinding their previous resolution, they passed another resolution empowering Mr. Napier Bell to negotiate with Mr. Hungerford to carry out the contract at an increased price. I say that was distinctly illegal, and I should have been, as Master Warden, worse than an ass to have carried it out. The Act of Parliament states the position of the Board, and says, "No resolution or other act at any meeting of the Wardens shall be revoked or altered at any subsequent meeting unless such meeting be called expressly for such alteration or revocation by notice given by the Secretary three days at least previously to the holding thereof, nor unless such revocation or alteration be determined upon by a majority consisting of at least two-thirds of the Wardens present at such subsequent meeting"—that is the Act of Parliament (Section 51 of 53 Vict. No. 34). That section was put in the Act for the express purpose

of preventing a small minority of the Board from upsetting the will of the majority in such matters ; and it was put in at my instigation.

2489. *By Mr. Davies.*—Was the previous resolution rescinded at that meeting ? No.

2490. Then, it is illegal ? Yes ; before they could rescind the resolution they had to call a special meeting, as provided, and then had to do so by a two-thirds majority—that should have been the procedure, if the Board had allowed it. When that letter came here, and said they had sent on an open order to Mr. Bell to negotiate with Mr. Hungerford, I put my foot on it and said, “No.” I put my foot on it because they had not even protected themselves by instructing him to negotiate without prejudice. It was a childish and illegal telegram to Mr. Bell to negotiate with Hungerford, they having previously passed a resolution that, failing Hungerford signing the contract, fresh tenders should be called for. Mr. Bell refused to negotiate, and that brought it down to another meeting. They then passed another resolution asking Mr. Bell to offer the contract to Hungerford on the old conditions, showing that, although they had passed a resolution that they should not sign without the interpretation clauses, and though Mr. Bell had said they were necessary, they sat down at another meeting and wired again to Mr. Bell to offer the contract to Hungerford on the old specifications.

2491. What meeting are you referring to ? I am referring to the meeting of the 15th June. The meeting of the 15th May was the one when they wired to me not to sign the contract without the interpretation clauses, and when they also wired that if Hungerford did not accept fresh tenders would be called for. At the next meeting of the Board—and that was a meeting where Mr. Morrisby was chairman—they wire, “Will you negotiate with Hungerford terms on which he will carry out contract on the amended specifications ?” That was at the meeting on 27th May, when Messrs. Hall, Gaffney, Hales, and Robertson were present, besides the Chairman ; when, without rescinding, according to law, the previous resolution, they passed that resolution, and sent it on to Mr. Napier Bell. I objected to that resolution. It did not say to negotiate without prejudice, but they sent an open order to Mr. Bell to negotiate. Mr. Bell then received my letter not to negotiate, and he then wired the Board that he would not negotiate, and he did not negotiate, in fact he would not have anything to do with it.

2492. *By Mr. Mulcahy.*—Mr. Bell said that ? Well, he said the letters were so contradictory that he could not deal with it.

2493. But did Mr. Napier Bell negotiate with Mr. Hungerford to give an increased price ? He did not negotiate to give an increased price. At the second meeting the Board wired to Mr. Bell to offer the contract to Hungerford on the old conditions, but they had a resolution on the books that they would not let the contract without the interpretation clauses, and then they consent and agree to Mr. Bell being empowered to offer the contract to Hungerford on the old conditions. We know the result : that Hungerford did not accept. We have Mr. Bell on the 11th May telling us that he was satisfied with the clauses. He wires to the Board, “Interpretation clauses most suitable,” and then on the 2nd June he writes to the Board, “The conditions are a blunder, and illegal.” What are we to make of the whole business ? I am satisfied in my own mind that the contract could not be done for £33,000. We have Mr. Bell’s estimate £48,000, Mr. Barrowman’s estimate £40,000, and the average of the tenders £45,000. It would be absurd to suppose that the Board could get work estimated at £45,000 done for £33,000. Anyone would know that for such a sum a contractor never meant to put in the work,—not for the money. I knew that. I knew that it could not be done for the money, and I knew if a contractor did do it, it would be by working points on the Board. I always opposed it, and I am glad I did. It is the best thing that ever was done for the Board.

2494. But some contractors put it at £60,000 ? Oh, yes ; Baxter & Sadler put in that price, and said that if they did not get a big price they did not want to touch it. You take the average of the tenders, and you will find the average is about £45,000, and there is £45,000 worth of work in it. It can’t be done for less if a contractor intends to put in a fair proportion of large stone. If he intends merely to put in 10-ton stone it would be right ; no doubt it could be done with 10-ton stone. You have the analysis of the contract in which Mr. Bell said from 10 to 20 ton stones when he referred to the conditions. It was unfair to compare the new clauses with the old ones. Under the old contract a 20-ton truck was to carry two 10-ton stones ; under the new clauses, with 15-ton stones a truck would only carry one stone ; that made a difference in the cost of £6000 or £7000. Under the old conditions two 10-ton stones could be carried on a truck, if Mr. Bell is correct, and it was no doubt intended that the minimum only should be put in. I repeat that his figures are illogical and absurd, and that they can’t be carried out, unless it is intended that the minimum shall be put in in each case.

2495. At the Board meeting, when the new tenders were being considered—when you offered Hungerford the contract on the original conditions, had the former resolution been rescinded ? It had not been rescinded.

2496. Then, you were doing an illegal thing in offering it to him ? Yes ; but the whole Board were against me, and were anxious that it should be offered ; some of them thought it had not been. I said, “Well, call him in and offer it to him now.”

2497. Did Stocks & Co. give you any security for putting up the £200 ? No. I would find for Stocks a deposit of £200 at any time ; he was a man for whom I would advance five times that amount, and he would for me. It was quite safe. If he got the contract, all right ; if not, he could not get the deposit back except through me ; so there was no risk.

2498. You say he wrote to you from Sydney and asked you to pay the deposit? Yes, he did.

2499. Did you only receive that on the day of the tenders coming in? No; it was only a day or two before.

2500. That was a telegram? No; it was a letter.

2501. Did that letter not give you information as to who was representing Stocks & Co. here? No.

2502. Did you know, from the tender, who represented Stocks & Co. in Hobart? I do know now. I always believed that Stocks & Co. and Langtree were connected together. I believed that until forty-eight hours ago. Stocks wrote me that he was tendering again, and that he was in with Langtree, and I believed, until forty-eight hours ago, that Langtree and Stocks were all along one. I know who they are now.

2503. I believe the Secretary repaid you the £200 deposit, on a written order or authority received from Stocks & Co., Hobart? No; I think he paid on the telegram.

2504. On the telegram? I fancy so.

Mr. Prater: No; it was paid on written authority.

2505. Had you any purpose in retaining the position of Master Warden for so long a time after accepting the position of Minister of Lands and Works? No; excepting to try and get the whole business out of a muddle. I regarded the whole thing as a perfect muddle, and I wanted to get a solution of it before I gave it up.

2506. *By the Chairman.*—You have not succeeded in getting the Strahan Marine Board out of the muddle? No, unfortunately.

2507. They have not accepted any tenders yet? No.

2508. Has the season been a favourable one for the work,—would it have been possible to have proceeded with it to advantage? Oh, yes; we could have proceeded well with the early part of the work in any weather. It is at the end, where the seas come along, that the work would be difficult in bad weather.

Evidence of witness closed.

ARTHUR GEORGE PRATER, *re-examined.*

2509. *By Captain Miles.*—I want you to explain to the Committee about the papers of Mr. Napier Bell; how they came into the Board room; what you did with them; and, generally, what became of them? Do you mean about the tenders?

2510. No; I mean the detailed estimates of Mr. Bell? Just before Mr. Napier Bell left Strahan: it would be about the end of January or the beginning of February.

2511. Where was I at that time? My impression is that you were in Hobart, sir; I did not see you round about then. Mr. Bell came down to the office and handed to me some manuscript, which has been before the Committee, entitled, "Notes for comparing tenders." He asked me to make a copy of it, and send it to him. I said it would take a little while, and he went away. I made a copy and posted it on; that is the copy I made myself. I took a copy of it in the letter-book that is here now. Two or three days after, Mr. Bell returned, and said, "This is not what I wanted." I said, "It is a copy of your own notes." He said, "I want my own notes." I gave him his own notes, and put the copy away until the time of receiving tenders. I put them away, and afterwards showed them to Captain Miles. When he came to ask about it, he stated he had got a telegram from Mr. Bell. He said it would be better to give the contractors the approximate quantities, as some of them had seen me about it; I said I thought so myself. The contractors I had seen said they did not know what they were tendering for. I had not got the authority of Mr. Bell. The Master Warden had been down to the Heads in the steam-launch with some of the contractors, and when he came back I said I wanted to speak to him a minute, and mentioned about wanting to give the contractors the quantities. He said, "We can't do that." I said we had got them in the office, and could give them them if we were sure of it. I showed the copy to him, and he said, "I did not know it was there." I said, "I had it, but did not know the quantities could be used till the tenders were received."

2512. *By Mr. Propsting.*—How long was that before the tenders were received? Inside a week; it was not more than a week.

2513. *By Captain Miles.*—This information as to quantities, was it not made a printed document for the use of all the contractors? Yes; you brought it to Hobart and produced printed slips, and these were given out to all the contractors at Strahan.

2514. And these printed slips were a copy of Mr. Bell's quantities? Yes.

2515. *By the Chairman.*—In addition to these figures that you gave to intending tenderers there were other figures that would have been of assistance to tenderers that you did not give them? I only gave what Mr. Bell said I was to give the contractors. He told me especially they, the tenderers, must on no account see his notes.

2516. *By Captain Miles.*—Do you remember what figures were in Mr. Bell's estimates? Just the quantities of stone of the first, second, and third class; the quantities totalling 244,000 tons.

[Witness reads the paper. *See Appendix.*]

2517. *By the Chairman.*—That is what you printed? Yes.

2518. And the prices, Mr. Prater? There are no prices given in this paper.

2519. Were the prices given? They were not given to the contractors.

[Witness reads paper giving estimates of prices.]

2520. *By Captain Miles.*—Now, I want you to say, Mr. Prater, having these figures before you, whose tender those figures more nearly corresponded with? I think it was Langtree's—No, Palliser and Jones's is the nearest—£53,121 is the total.

2521. That included the piles, did it not? That is for timber, piles, iron, and other work.

2522. What is the price of the stone-work? £49,601 is the tender.

2523. That is against Mr. Bell's £48,976? Yes.

2524. How many other tenders were there besides Palliser and Jones's, and how do they correspond with Mr. Bell's figures? Davis and Flight's, a Melbourne firm, is the lowest—that is, £45,473, the total for stone. The next tender was Langtree's. His price is very similar for the different classes of stone, and amounts to £42,999 for stone only.

2525. That is about £6000 below Mr. Bell's estimate? Yes.

2526. The next? The next is Derbidge and Co.'s; that is very close; the total is £41,682.

2527. And that is £7700 below Mr. Bell's figures? About that; the next is Stocks & Co.'s tender, which was withdrawn.

2528. And the next? The next is Hungerford's. The total for stone is £31,586.

2529. And that is £14,000 less than Mr. Bell's estimate? £17,000, is it not?

2530. Yes, £17,390 less than Mr. Bell's estimate. Then, the figures in these tenders that most nearly approach Mr. Bell's estimate, are those of Palliser and Jones? Yes.

2531. Now, the next tender? The next is that of Duff; but I can't make it out; the figures seem all inverted; I can't compare it.

2532. Then, the tender my son tendered on is £7300 under what Mr. Bell's figures were? Yes.

2533. *By Mr. Morrisby.*—You said the estimate of quantities that was sent to Hobart by Captain Miles, and were made a printed slip—you said you did not send any of these away? I have no recollection of it; besides, it was so near the time of calling tenders I could not have done so.

2534. And can you understand how Stocks and Co. obtained a copy? No, I do not. I asked Mr. Barrowman if he had sent it, and he said he did not remember it. Personally, I never heard of Stocks and Co. until their tender was opened.

2535. *By Mr. Mackenzie.*—In whose keeping were Mr. Bell's estimates, plans, and other documents? The plans were laid on the table for contractors to look at.

2536. And the estimates? They were in my keeping in the Board's office. They were in my pigeon-hole in the office.

2537. Could anyone else see these estimates? No; I don't think so—to tell the truth I had forgotten all about them. I was reminded that Mr. Bell had said to give the contractors the quantities when they said they did not know what they were tendering on—I thought then it would be desirable to give the figures.

2538. Could any Warden have access to the estimates without your knowledge? Well, it is just possible, not probable.

2539. You remember the meeting when the Board decided to give Mr. Hungerford an opportunity of negotiating for carrying out the contract? Yes.

2540. You say that a resolution was passed to allow Hungerford to enter into negotiations under the old conditions? Yes, with Mr. Bell.

2541. Was any objection made to that as an illegal proceeding? No, not at the meeting—after the meeting.

2542. Was the meeting an ordinary meeting, or was it called specially to reconsider a resolution passed formally at a former meeting? The meeting of 15th May was an ordinary meeting; that of 27th May was a special meeting.

2543. That was when you decided to give Hungerford an opportunity of making another offer? Yes.

2544. Was the Master Warden present? No; Warden Hall was in the chair, and Wardens Hales, Henry, S. Gaffney, and Robertson were present.

2545. And that subsequent meeting was the one where mention was made of giving Hungerford another opportunity of negotiating? I don't remember; the next meeting, of 5th June, was special, and after discussion the following telegram was sent to Mr. Bell:—

TELEGRAM TO C. NAPIER BELL, East Maitland.

Are you satisfied that original conditions and specifications are sufficient to protect the Board? If so, and Hungerford is willing, tell him to come to Hobart and sign contract. Board await your definite reply before taking action.

EDWARD T. MILES,
Minister of Lands and Works.

5th June, 1899.

That was on 5th June, at a special meeting.

2546. That was after the resolution was passed that they would call for fresh tenders? Yes.

2547. After that they instructed Mr. Bell to negotiate? Yes.

2548. Without rescinding that resolution? Yes.

2549. And subsequently the Master Warden said they would offer to negotiate with Hungerford and Co.? No; they asked Mr. Bell then if the original specifications were sufficient. That was on 5th June. The Master Warden was present.

LESLIE MILES, *called and took statutory declaration.*

2550. *By the Chairman.*—Your name is Leslie Miles, and you are an engineer by profession? Yes.

2551. When did you first enter into partnership with Derbidge and Co.? About the time these tenders came out; I could not say the date.

2552. How many other partners are in the firm? One other.

2553. Who is that? Mr. Derbidge's son, Charlie Derbidge.

2554. Did either of them, father or son, come to Tasmania within the last twelve months? Not that I know of.

2555. Where did you make arrangements for putting in the tender? It was done by letter.

2556. And you have not seen either of them? No.

2557. Everything was arranged by letter? Yes.

2558. Who inspected the proposed site of the work? I did at the time, but Mr. Derbidge had seen it years ago.

2559. How many years ago? I could not say; when the Strahan-Zeehan Railway was about finished, I think.

2560. How long would that be? I should say about 1892. He was here for some time. I could not say 1892 for certain; it was when the railway was finished, I believe.

2561. Have you had any experience in harbour works of this sort? Yes; I have seen all the breakwaters in New Zealand, and pretty well all important works in Scotland, that is, only as an engineer.

2562. And you wrote out the tender put in? I did.

2563. I notice on the tender you put the firm's address as "G.P.O., Hobart." Had you any reason for doing that? It was handier.

2564. Where were you when the tender was put in? At Strahan.

2565. And when the tenders were opened? In the Boardroom.

2566. Had you any reason in putting the address "G.P.O., Hobart," instead of your own address, at Strahan? Yes; I expected to be in Hobart, and I did not want the people in Strahan to know I was in it. I was running a steam-launch to the Heads at the time, and I wanted to get the work of the contractor if I did not get the contract. Another thing, the fact of my being a Miles would be looked at down there.

2567. After the tenders were received, you had some communication with Mr. Hungerford—will you explain to the Committee what happened? Yes.

2568. Well, what happened? The first thing was a letter I wrote him from Strahan, in which I offered him, I think, £250 to pay expenses if he would withdraw. I was sure he could not do it for his tender, and I said, for the time he had taken up, I would give him £250 if he would withdraw, to pay expenses. I then got a letter saying he wanted to see me, as he had a proposal to make.

2569. Was this letter written by you as "Leslie Miles," or as "Derbidge & Co."? No; it was signed "Derbidge & Co."

2570. Had you full authority to sign for the firm? Yes, I had full authority. Then Mr. Hungerford came to Hobart after that, and brought with him a deed of partnership all drawn up, stating that he would withdraw his tender, and stand in with Derbidge & Co. I would not agree to that, and then he gave me a paper, which I can show you.

2571. Yes, we should like to see that. (Paper produced. *See Appendix.*) Mr. Hungerford was at the *Metropolitan Hotel* at the time; he stayed there? Yes.

2572. You met him there? Yes.

2573. Now, tell the Committee exactly what happened at the meeting between yourself and Hungerford? Well, there were proposals that he made to me.

2574. When did you first meet him? I think it was on a Saturday night.

2575. Was that soon after he arrived? Yes; the night he arrived.

2576. Do I understand he had asked you to meet him in Hobart? That was mostly arranged by wires. I said I would meet him; I had, wired, "Junior partner will meet you on arrival, with full authority."

2577. *By Mr. Mulcahy.*—You sent that wire? I sent the wire, yes.

2578. *By the Chairman.*—And were any terms made between you and Hungerford? No, we could not agree. He then said he would take £1000, and I agreed to that. After dinner he wanted a quarter share as well, and I would not have anything more to say to it.

2579. Was that why you did not come to terms? Yes. He offered to take £1000 at first, and withdraw his tender. I said I would agree to that, but he then said he must consult his son. He then told me he would want a quarter share as well, and I told him I could not agree to that.

2580. Is the partnership still in existence between yourself and Derbidge's firm? Yes, as far as this contract is concerned.

2581. Did you put in a second tender? Yes, that was done at the last minute.

2582. Has Derbidge since confirmed your action? I have had letters, but there is nothing decidedly settled yet.

2583. How do you mean there is nothing settled,—that he will not approve? Yes. I think he will join, but nothing is settled.

2584. Yet you put that tender in for Derbidge & Co.? I fancy the second tender was sent in the name of Derbidge and Miles.

2585. And if he draws out of it, can you carry it out by yourself? I think so. I think I can get someone to come in with me, if necessary, but I don't think he will refuse.

2586. Is this second tender as favourable to you as it was the first time? It is at a lower price, but the second tender was put in on purpose to keep Hungerford out. It was only the ill-feeling between us two, or it would not have been put in at all.

2587. And can you carry it out if the tender is accepted? I don't see any reason why I can't carry it out for the money.

2588. It is under £40,000, and the other was £44,000? Yes; the second is £4000 less than the first.

2589. Do you know who is the firm of Stocks & Co.? I know a man named Stocks; he is one of the tenderers. I was in with him too.

2590. When did you make that arrangement with him? A little time after I made the arrangement with Derbidge & Co.

2591. Did the two Derbidges know you were in with Stocks? No, they did not. I believe they knew afterwards, but they did not know at the time.

2592. Did Stocks come to Tasmania to look at the work? No.

2593. Who inspected the work for him? I did. I told him the nature of the rock, and where it was. He has done hundreds of jobs of the kind.

2594. Who looked after Stocks' business in Hobart? I did, when I was here.

2595. And when you were at Strahan, who looked after the business at Hobart? His address on the tender was, "Care of Union S.S. Co., Hobart."

2596. We have some telegrams here. Were you acting as Stocks & Co.'s agent in sending telegrams? Yes; I sent the telegrams. I had left them all ready written out in Hobart. I had arranged a signal that if they were to be sent, which would be understood.

2597. You had arranged a signal which was to be sent. When did you arrange the signal? Two or three days before the tenders were received.

2598. When was the signal wire sent? When the tenders were opened.

2599. And to whom did you send them? To my brother.

2600. Is he in the Union Steam Shipping Company's Office, Hobart? Yes.

2601. He is in the Company's service? Yes.

2602. Then, these two telegrams were sent by him? Yes.

2603. *By Mr. Mulcahy.*—What was the signal you arranged to send? It was a wire—"Send on my portmanteau," or something of that sort.

2604. And that was to mean that your brother was to send the telegram that was provisionally written? Yes, that was to let him know.

2605. Did you know the amount of each tender? Yes.

2606. Was the object to provide for Stocks & Co. receiving it if anyone came in between Stocks & Co. and Derbidge? The object was that, if the two tenders came together, we would withdraw the lowest, and stand on the highest tender.

2607. When were you in New Zealand last? I think I left there last September, some time.

2608. About a year ago? Yes.

2609. You had no knowledge at that time of this contract? How do you mean no knowledge?

2610. Did you know tenders would be called—did you consult Derbidge & Co. about it? No; I had just come from Scotland then.

2611. Did you see them, then, at all? No, I did not.

2612. Then, everything with regard to the partnership was arranged by letter? Yes, by letter.

2613. Can you produce the letters? No, I have got no letters at all.

2614. What financial arrangements were made between you? I made no financial arrangements at all.

2615. Did you know the position of Derbidge? No, I did not know. I knew he could get the money.

2616. Was there any deed of partnership? No.

2617. Any special agreement as to your share in the contract? No, no special agreement.

2618. And you were going into a contract with Derbidge & Co. before any arrangements were made? Yes; but arrangements would have been made, if the contract had been accepted.

2619. Were there any letters at all that you can produce? No letters at all: I am moving about all the time, and do not keep any letters.

2620. Why were you in with Stocks & Co.? Well, I thought Derbidge & Co.'s tender might be too high, Derbidge would not go any lower, and so I wrote to Stocks about it, and finally an arrangement was made; but all that was done was that we should risk the deposit.

2621. When you wrote Hungerford from Strahan, did you wish him to believe that the offer he got came from Derbidge, senior? No; I let him believe that it came from Derbidge & Co.

2622. When you sent the telegram from Hobart—"Left Friday; junior partner will meet you on arrival, with power to act"—did you intend him to believe that Derbidge, senior, had been here? Oh, that was just bluff; I did not want him to know who was coming. I did not want to show him my hand at the time; he was bluffing me.

2623. Have you ever done any quarrying work yourself? Not personally, but I have seen any amount of it done.

2624. Have you had any experience in handling large blocks of stone in works of this sort? I have had a lot of experience in the work that would be necessary in carrying out this contract.

2625. You got the money for the deposit from your father, did you not? Which deposit?

2626. The original deposit? Which deposit do you mean, Stocks' or Derbidge's?

2627. Derbidge's deposit? I don't see that it is any business of anybody's where I got it.

2628. Answer the question, Mr. Miles—where did you get the money for the deposit? I don't see that it is any business of anybody's where I get money from.

The Chairman: You must answer the question.

Witness: I put the money up in cash—why should I say where I got it from?

The Chairman: You must answer the question.

Witness: Well, I am not going to tell you—I will answer anything you ask me bearing on this case, but I will not answer anything else; I might as well ask where you get your money from.

The Chairman: You must answer; it is important. We have it in evidence you have put up £200 in notes—you must say where you got it from—whether it was your own money, or where you got it from. I must insist on an answer being given.

Witness (after a pause): I am not going to tell you where I got it from; you might as well ask me where I get all my money from. I put in the money—it was my own money; I did not steal it.

The Chairman: Did you get it from the bank, or where did you get the money from?

Witness: That has to do with me; it has nothing to do with the Committee or anybody else.

2629. *By Mr. Mulcahy.*—Will you tell us who put up Stocks & Co.'s deposit money, then? Yes; I will tell you that—my father put it up, at Stocks' request.

2630. Do you know to whom the deposits were returned—Stocks' and Derbidge's? Stocks and Co.'s was returned to father, and Derbidge & Co.'s to me.

2631. Directly to you? No; father gave it to me.

2632. *By Mr. Archer.*—Do you know who withdrew Stocks and Co.'s tender? Yes; it was through me it was withdrawn.

2633. You said you have no copy of the letters you wrote to Derbidge and Co.? No, I have no copy of letters. I am always moving about, and can't carry all my letters about.

2634. I imagine you said there was something about entering into partnership? No; merely about putting in a tender together.

2635. Have you not written to Derbidge and Co. about going into partnership? Yes; it will be a partnership, but we have made no financial arrangements.

2636. And do you mean to tell us you have not kept any of the letters? No.

2637. That is very strange, don't you think? No; if the tender were accepted there would be an agreement drawn up in proper order.

2638. You must have made an offer? No; I simply asked. There was no agreement, because, if the tenders had not been accepted, we should have had all the trouble for nothing. I had no idea of a partnership with him unless the tender was accepted.

2639. You said you "simply asked," and stopped. What were you going to say when you said "I simply asked"? What I wanted to say was that I simply told him about the nature of the stone, and asked his opinion about the prices.

2640. You must have told him something about going into partnership with you? No, I did not.

2641. Did you not write to him? Yes, that was at first; I wrote to him in the first instance.

2642. And did you not state any particulars of a partnership? I did not state any particulars; no.

2643. *By Mr. Mackenzie.*—You were in negotiation with Mr. Hungerford as to becoming a partner of his, were you not? Yes.

2644. And you agreed to give him £1000? No; he agreed to take £1000.

2645. Did you not agree to it? I did; yes.

2646. And afterwards the negotiation was broken off because he required a quarter share? Yes, that was before dinner; he talked about consulting his son. After dinner he showed me a wire from his son, stating that he would take £1000 and a quarter share, and I would not agree to it.

2647. After that did you tell Hungerford that Derbidge and Stocks would not tender the second time? Yes; I told him that in Strahan a long time after that. At the time I told him that we had no intention of tendering either.

2648. Now, you decline to say where you got the money for the deposit from, Mr. Miles. You are a very young man; do you think it would be a very improper thing if any friend of yours had advanced you that money? No, I don't think it would be improper; but it is nobody's business where I got my money from.

2649. What was the difference between Derbidge and Co.'s tender and Stocks and Co.'s tender, do you remember,—you represented both? You mean difference in price,—well, speaking from memory, Stocks and Co.'s tender was about the same price as Derbidge and Co.'s the second time.

2650. *By Mr. Propsting.*—Did you make up a statement of the quantity of work for the purpose of tendering? Yes.

2651. Did you have any assistance in making it up? Yes; I had assistance from Mr. Derbidge and Mr. Stocks. I had Mr. Napier Bell's reports on the job and all the conditions of contract; and the only question to decide was the amount of stone.

2652. What reports of Mr. Napier Bell did you have? I mean I had all his parliamentary reports.

2653. Did you see any others? No, not that I know of.

2654. Did you see any quantities? Yes, I saw the quantities that came out after the specification.

2655. Did you see any other prepared information? I did not.

2656. Did Stocks and Co. advise that it would be safe to tender at the price you put in for them? He thought it was a very good price.

2657. Which did you then think, that Stocks or Derbidge was the most competent judge of the value of the work? I did not consider that.

2658. Why did you think that Stocks' tender was too low? I did not say it was too low.

2659. Have you not told us that Stocks and Co.'s tender was put in on speculation? I said it was put in with an object, in case any other tenderer got in lower.

2660. It was lower than Derbidge's? Yes; I did not say it was too low.

2661. You say you arranged with your brother at the Union Steamship Company to send a telegram; what was the purport of the telegram? I can't remember. It was to withdraw the tender, giving as a reason that they had since seen the quantities, which had altered their price.

2662. Was that reason a truthful one? It was just put in to give some colour to the statement.

2663. You were present at the Boardroom to learn the position of the tenders, and when you learnt the position of Stocks and Co. you sent the telegram? I did.

2664. You say there was no deed of partnership? No, none.

2665. And no financial arrangements made with the anticipation of your getting the contract? With Derbidge, no; I could easily have financed it with Derbidge after.

2666. You told us Derbidge's name would be sufficient to get the money? I told you he was well enough known. I did not say he could get all the money, but he could have got the money to carry it out.

2667. If you had found that Derbidge and Co. did not continue with you, could you have got the money? Yes.

2668. Without his name? Yes.

2669. You say it was no risk to incur for Stocks to put up his deposit? Well, there was only the risk of his tender not being accepted.

2670. Did you not say that Stocks' tender was a speculative one? Yes.

2671. What did you mean? That we should stand the risk of losing the £200 if his tender was accepted, and we could not finance it.

2672. That is, the £200 deposit? Yes; we deposited that.

2673. "We should stand the risk"—what do you mean? I meant we should have to pay it back; my father would have to be paid back.

2674. Then, your father ran the immediate risk? No, he did not run any risk at all; he was merely lending £200.

2675. Were you joining in the risk? Of course I was.

2676. Did you join in the risk at all when your father advanced the money? No, I did not. I did not ask father for the money; Stocks wrote and asked father to advance it.

2677. Why did Stocks ask your father to advance this money? He did not want father to know I was in with him.

2678. He did not want your father to know? No, he did not.

2679. *By Mr. Mulcahy.*—Did you communicate with your partners with regard to the amended specifications? I did; yes.

2680. How? I sent them down to Derbidge.

2681. How, by letter? Yes, by letter.

2682. Did you send any cables? I did not.

2683. Did you receive any cables from your father? I got a cable from father, yes, to send to Derbidge, but I did not send it.

2684. Why did you not send it? I knew it was no good. I knew Derbidge was agreeable, and that it would be just waste of time to send it.

2685. How did you know? I knew, as Derbidge's partner, that he was coming over. I knew he would have to come here.

2686. But how did you know your partners would accept the altered conditions? Because they are just the same, to my mind, as the first. I don't see any difference in these tenders and the others.

2687. Then, you took it on yourself to hold back that telegram? Yes, I did.

2688. And didn't you have any communication with them? I did not at that time. I have had since.

2689. Have you any letters from Derbidge & Co. of any kind? Yes, I have lots of letters.

2690. Have you any reference in them to the last contract? To the last contract?

2691. The last tender? No, I have not.

2692. You put in the last tender without their knowledge? I put it in in a hurry, and wired to Derbidge that I had put in the tender in our joint names.

2693. Have you had a reply to that wire? I have had a letter since.

2694. Consenting to that arrangement? No, hardly consenting; just waiting to see what will come of it.

2695. It would be satisfactory to the Committee if you would give us some evidence from Derbidge that they were your partners? Well, I have got no written evidence now. The only written statement I have is a letter from Hungerford, and another, a copy of a letter made up when Hungerford was at Strahan. Those are all the written statements I have got.

2696. Where did you send that cablegram from? From Strahan.

2697. That was on the day——? The day of the tenders.

2698. Have you got a copy of that telegram? No; I did not keep one; but I suppose it could be got at the telegraph office.

2799. *By the Chairman.*—Who wrote out Stocks & Co.'s tender for the first contract? My sister.

2700. Did you put it in yourself? No; I sent it up to Stocks.

2701. You sent it up to Stocks, and they put it in? Yes.

2702. And who signed it? It was signed before it went to them.

2703. And then it came from Stocks down to Strahan? It came down to my father.

2704. And was opened on the day when all the others were? Yes.

2705. *By Mr Propsting.*—Who signed it? My sister signed it when she wrote it.

2706. Your sister signed it "Stocks & Co."? Yes.

2707. *By Mr. Morrisby.*—Mr. Miles, you say you cabled to Derbidge, in New Zealand, when the tenders were opened—that would be on the 17th of April? I cannot say to the date; I cabled before the tenders were opened; I cabled the morning the tender was put in.

2708. Then, if Derbidge says that on that date he knew nothing of the contract, nothing of the partnership, would he be telling the truth? How could he be telling the truth?

2709. Would he be telling the truth—yes or no? Well, I am telling you.

2710. I want an answer to my question—yes or no? If Derbidge said he knew nothing about the partnership on that date he would be telling an untruth.

2711. After the tenders were received you say you wrote to Hungerford; Yes, I did.

2712. Did you mention anything about your getting his deposit returned to him? I believe I did.

2713. What authority did you have for that statement? I knew Stocks & Co. were allowed to withdraw their tender, and their deposit was returned.

2714. You were aware of the reason for Stocks & Co. asking for their tender to be withdrawn? Of course I was; I sent the wire.

2715. You say you sent a signal from the Boardroom? No; of course I had to go to the telegraph office.

2716. But you were in the Boardroom when the tenders were opened? Yes.

2717. Are you aware that it was before the total price of Stocks & Co.'s tender was given up that their telegram was on the Board table? That telegram was not on the Board table till after dinner.

2718. Yes, the one withdrawing the tender; but I am alluding to the first telegram about the estimates? That was withdrawn, yes.

2719. Are you aware that when this telegram was received by the Board that the Board then entered into a calculation to find out the exact price of Stocks & Co.'s tender? No; I am not aware of anything of the kind.

2720. You said just now that you wrote to Stocks & Co.—can you give us any idea of the date when you wrote to Stocks? No; I don't know the date.

2721. Is it true that when you arranged with Hungerford for the second tenders, at Strahan, that you told him your father had gone into the estimate of the quantities with yourself? No, it is not true.

2722. *By the Chairman.*—Then, I understand that, on the 17th of April, when the tenders were received, the Board met, and opened them, and you were present at the time? Yes,

2723. What time in the day was that? Well, I fancy it was before dinner, but I would not like to say for sure.

2724. When did you send your telegram? As soon as I found out the result.

2725. That would be before 1 o'clock? I think it was. I think it was between 12 and 1 when I sent that signal to Hobart.

2726. *By Captain Miles.*—The question has been asked—about the cable to New Zealand to Derbidge about coming up: I would like you to tell the Committee what happened then? You mean the cable you gave me at Bellerive?

2727. Yes? As far as I can remember, you were sitting writing, and I was reading and smoking, and you asked me, if Derbidge's tender was accepted, whether Derbidge would come and manage; and you said you thought you had better send this wire, and wrote it out, and gave it to me. I took it over to town, but I did not send it, because I thought it was unnecessary. I believe, some time after, you said it was funny you never had a reply, and I said, "Oh, I have a reply—he is coming."

2728. You led me to believe, from what you said, that you had had a reply? Oh, you believed it.

2729. *By Mr. Propsting.*—What time did the Board meet on the morning that the tenders were opened?—do you remember? I don't know whether it was 10 or 11.

2730. Were you present from the beginning? I was present as soon as the general public were allowed in.

2731. And had the tenders been calculated then? They calculated them while they were sitting there.

2732. How long did it take? I could not tell, I am sure.

2733. Was it a long piece of work? I don't know; about an hour or an hour and a-half, I should say—something like that.

2734. Do you remember whether Stocks and Co.'s tender was dealt with early in the list or late? I could not say. You see, each Warden had some tenders given to him to deal with separately.

2735. Then, the results would all be ready at the one time? Yes.

2736. And did you, immediately after that, send this signal to your brother? I sent the signal, yes.

2737. And the Board had not risen when they received Stocks and Co.'s withdrawal of their tender? I fancy they had. I fancy it came in the dinner hour, and they got it when they went back after dinner.

2738. *By the Chairman.*—Who wrote this telegram? (Hands first telegram from "B. Stocks and Co., Hobart, April 17th," to witness.) I do not know the writing, but as far as I know, my brother wrote it; but I am not certain. It may be his writing, but I do not know it well enough; I don't see much of his writing: I should say it was. I don't think he would let anybody else know what he was doing.

2739. When did you first see that paper? (Handing Witness specification of quantities of stone for West Breakwater) I saw this in Strahan first.

2740. How long before you put in your tender for Derbidge? I am not sure. It may be a few days before or a couple of days, I could not say, I believe it was the day before.

2741. Was that the first time you had seen it? That was the first time I had seen it. No, let me see, it was about a week before. Of course it happened a long time back, and you do not expect me to be accurate, to remember the exact day.

2742. Now, I don't think it can do you any harm, or do your friends any harm, to tell this Committee where you got the £200 that you deposited with the tender: after consideration, we have decided to give you this last chance? No, I won't tell you where I got the money from. I don't think it a fair question to ask anybody where he got his money. I earned it honestly, at any rate.

Witness withdrew.

LESLIE MILES, *recalled.*

2743. *By Mr. Mulcahy.*—With reference to the question I asked you about where you got the £200, I think it only right to inform you that your father told us he gave it to you? Well, if he told you, you knew; why ask me?

2744. *By the Chairman.*—We wanted a direct answer from you, and your foolish reticence has thrown suspicion on the whole transaction.

2745. *By Mr. Mulcahy.*—Will you answer the question now? I will say yes. I got it from my father; he advanced me the money.

FRIDAY, 15TH SEPTEMBER, 1899.

A. G. PRATER, *recalled and examined.*

2746. *By the Acting Chairman (Mr. Mulcahy.)*—On the day on which the first tenders were opened Captain Miles told you that he had been requested to put up a deposit for someone—for Stocks? He did not mention Stocks. He did not mention any name. He simply said he had been asked to put up a deposit.

2747. Did he tell you how he had been requested, whether by letter or wire? To the best of my recollection he said, "I have had a wire;" but I would not like to be positive about it, because I don't remember.

2748. You are not quite sure about it? I am not sure; but to the best of my recollection that is what he said.

2749. *By Mr. Archer.*—You are not sure whether he said it was by wire or letter? No; I fancy he said wire, but I am not clear on the matter.

2750. Does this assist your memory at all. Captain Miles, in his evidence just before you said it was a telegram, said it was a letter? In spite of that I still think he said it was a telegram, but I cannot be sure, because there is nothing to fix it in my mind, so I am not quite positive.

2751. Did he say, "from a man in Sydney?" I don't know that he mentioned Sydney at all, but, I think, he said, "I have a wire from a man in Sydney asking me to put up a deposit for him."

2752. Did he say, "I have got a letter from a man in Sydney, which is rather a cheeky one, asking me to put up a deposit for him"? I am not too sure about the Sydney—really I am not properly clear about the point at all, it made so little impression on me at the time.

2753. Did he say, "It is rather a large order?" I think he did, or some words to that effect.

2754. *By Mr. Propsting.*—How long did it take the Board to work out the tenders? I should think it would range something shorter than an hour. I fancy it was that.

2755. What time did the Board meet? It meets at various times. I think that time it met about 11 o'clock. My impression is it was 11 o'clock.

2756. Was the result announced immediately it was ascertained? No; there was an adjournment for dinner. I think we had to wait for a wire for a reply from Stocks & Co. Stocks had wired that, owing to his not having had the same quantities as supplied to the other contractors, he would have to withdraw his tender, and a wire was sent that his tender would have to stand as it was, and he would have to reply at once.

2757. Was that telegram from Stocks & Co. received before you had publicly announced what each of the tenders amounted to? Oh, yes. The contractors had some of them worked out, and mentioned them at the Board meeting. We worked them out: I worked one, and various Wardens took one each; and if the contractor was there, and had worked it out himself, we simply asked him what he made it; some of them had got them already worked out—Hungerford, I know, was one.

2758. Do we understand, then, that certain tenders had been worked out and stated publicly in the meeting before or after Stocks' telegram was received? After Stocks' first telegram?

2759. Yes? There would be none of them, I think, before it.

2760. Were the tenders under seal, and the seal broken that morning? They were all opened—yes.

2761. That morning? Yes.

2762. By whom? The Master Warden, Captain Miles.

2763. At the Board Table? Yes; at the Board Table.

2764. *By Mr. Davies.*—I understand that it was a matter of fact that all the contractors were well aware of the actual result of the tenders before it was formally announced? Oh, yes; all who were in the room.

2765. Then by 12 o'clock did the tenderers who were in the room know the result of the Board meeting before it was publicly announced; before it was given out officially? I would hardly like to say it was as early as that.

2766. You say it would take about an hour? There would be a little delay; it would probably be about half-past twelve.

2767. They would practically know before dinner? Yes; my own impression is that we got Stocks & Co.'s telegram in the recess,—but at the same time I would not like too much reliance to be placed upon my memory.

2768. And the only reason why they waited, before officially announcing the result of the tenders was to get a reply from Stocks & Co. Yes.

MONDAY, 25TH SEPTEMBER, 1899.

Committee met at 10 A.M.

HON. W. W. PERKINS, *recalled and further examined.*

2769. *By the Chairman.*—Do you remember Captain Miles coming to you towards the end of April with what were called the interpretation clauses? He came on the 5th May for the first time.

2770. What was your opinion as to the necessity of these clauses being inserted in the contract? Speaking as solicitor to the Board, my opinion is that they were absolutely necessary for the protection of the Board; that is to say, the clause fixing the average weight of the stone.

2771. Did you advise Captain Miles on the matter? I did.

2772. *By Captain Miles.*—Do you remember how the clauses came to hand from the Board? They came by post on the 28th April. I did not see Captain Miles in connection with them till the 5th May.

2773. You received the clauses by post on the morning of the 28th? I think they were dated 28th. I do not recollect the exact moment, but I think it was about the 28th.

2774. You saw me in connection with them on the 5th May? Yes.

2775. On that date Hungerford met me in your office? Yes. [Read entry, 5th May, "attending Captain Miles and Mr. Hungerford, &c."]

2776. You remember my telling Hungerford about the new clauses? I remember Mr. Hungerford being told, because I took note of it at the time. You told him that no contract had been accepted. I do not recollect anything further than that. And he asked for a copy of the new conditions in order that he might send them to Sydney for his son to see; that was with regard to the weights of stone. The other clauses, which I considered very important, about determination of the contract if the conditions were not properly fulfilled, &c., he did not want to bother about, but simply the weight of the stone. Since then the whole of the new clauses have been objected to.

2777. There were several new clauses besides the one referring to the weight of stone. Will you tell me what these were. There was something you advised yourself, outside Barrowman's clause, which you thought necessary to put in the contract? Yes; a proviso that if the contractor should use or employ bad or insufficient material, or do any work in an imperfect manner, the contract should be terminated. In short, a proviso allowing the determination of the contract in the event of any default on the part of the contractors. The Board could put men on to finish the work, but had no power to take it out of the hands of the contractors, and end the contract.

2778. You advised that you considered this necessary? I did.

2779. There was another clause about the periods during which certain works should be done? That was not a suggestion of mine, but it was inserted, and subsequently you decided it was not necessary, and it was not insisted upon as far as cranes were concerned.

2780. Do you say the clauses were inserted in the interests of the Board or in the interests of tenderers? I do not know about the motives, but, as far as we were concerned, for the protection of the Board.

2781. Do you remember advising me to wire Mr. Bell to negotiate with Mr. Hungerford without prejudice? I knew very little of what was going on between the Board and Hungerford, except till told by the Master Warden. I met him in the street and asked him what was being done. I advised him to be very careful, and to do anything he did without prejudice.

2782. You understood I had sent a wire to Mr. Bell to that effect? Yes.

2783. After Hungerford threatened us with an action, I instructed you to confer with the Solicitor-General as to the Board's position? Yes; date of retainer I can give you—15th May. Since then everything that has been done has been under consultation with the Solicitor-General.

2784. What was the result of your conference with the Solicitor-General? His opinion was that Hungerford had no right of action against the Board.

2785. I think the opinion went on to say something about calling for fresh tenders, or accepting the next tender? No, it does not say so. He was not asked as to accepting the next tender. The only question asked was, "Was the Board's position prejudicially affected?" He says, "I adhere to my opinion formerly given, that Hungerford has no right of action against the Board. There was no contract between them."

2786. We discussed the question of accepting the next tender? Opinion was taken as to what position the Board was in before accepting the next tender.

2787. Have the Board had the Solicitor-General's opinion? Yes. In justification to ourselves, because my firm has been talked about and written about in a pamphlet, I would like to mention the reason for our drawing this contract was, that there was no form of contract annexed to the specifications at all. Although you see in the forms of specifications and conditions of contract it is stated that the tenderer is to sign the form of contract annexed, there was none.

2788. *By the Chairman.*—Is it usual to have a form of contract annexed? I think so; it is so with the Government.

2789. When did you first see these specifications? We got them about the 28th April.

2790. Had you seen them before 17th April, the day tenders were received? No. If they had passed through my hands I should have possibly detected what I detected afterwards.

2791. When were you appointed Solicitors for the Board? On the 20th March, I think.

2792. You did not see the specifications prior to April? No.

2793. *By Captain Miles.*—Have you seen the new conditions? Yes.

2794. Are they more onerous than the old ones? Well, can I say so,—is that not a question for an expert?—they are safer for the Board.

2795. Do they increase the weight of the stone beyond the weight of the interpretation clauses? No I do not think they do, except that you have made another class of stone. The average weight struck was supposed to be a fair one. Hungerford admitted, in my presence, that they could satisfy the old conditions for that class of stone by supplying stones weighing 10 tons and one pound.

2796. Take first class stone. The original tenders for 1st class stone described it as 10 to 20 tons? Yes.

2797. In our interpretation clauses we said it meant an average of 15 tons? Yes.

2798. The new contract describes the first class minimum to be 15 tons? Yes.

2799. Under the old conditions 15 tons was the average? Yes.

2800. *By Mr. Mackenzie.*—You say the new conditions made another class of stone? There is another class added—a fifth class. The new classes are—1st, over 15 tons; 2nd, from 10 to 15 tons; 3rd, from 5 to 10 tons; 4th, from 1 to 5 tons; 5th, from 1 cwt. to 1 ton—practically rubble, I suppose. The alteration was practically making two classes out of the heavier class.

2801. *By Captain Miles.*—Are the new conditions more onerous? I do not think they are, with our interpretation clauses added.

2802. The interpretation fixes the weight of first class stone at an average of 15 tons? Yes.

2803. The new conditions make a class above 15 tons, and make the 2nd class from 10 to 15 tons? Yes.

2804. The average, then, in the one case, being 15 tons, and the minimum, in the other case, being 15 tons? I do not think it does. I do not see where you are going to get a 20-ton stone from at all.

2805. *By Mr. Percpating.*—Were the original tenders ever submitted to you to advise upon? I do not quite understand.

2806. Was the form of original tender ever submitted to you? That is to say, did I ever see Hungerford's tender?

2807. I mean the form itself? No; I never saw any papers connected with the contract till the contract had been accepted conditionally.

2808. Were you asked to draft the contract? Prepare a contract—yes; and I took as my form of contract the Government contract for the line between Burnie and Ulverstone; I borrowed it from the Public Works Office.

2809. Did you notice, then, that the tender referred to a contract annexed? Yes.

2810. Did you point this out to the Board? I do not think I did.

2811. When did you advise on the specifications? About the 15th May.

2812. Who drafted the specifications? I cannot tell you.

2813. Did you suggest any interpretation clauses? No; the interpretation clauses had come to me on the 28th April.

2814. Are any of these interpretation clauses that were finally adopted suggested by you? Not the interpretation clauses, but the clause for determination of contract.

2815. Did you suggest any of the interpretation clauses? No; they came to me from Mr. Prater on 28th April. I adopted them as being reasonable and proper.

2816. Were you interviewed by Mr. Barrowman? Mr. Barrowman was in the office on one occasion later on, but I cannot tell you when, without reference to the call-book. It was when he came up to give evidence to this Select Committee.

2817. Were these interpretation clauses never discussed by you and Mr. Barrowman? I won't say that; certainly not before 15th May, as far as I can recollect.

2818. In preparing the contract, did you add any conditions over and above those contained in the interpretation clauses? Yes.

2819. What was the purport of them? For determination of contract and protection of the Board.

2820. In what way did you intend to protect the Board? By allowing the Board to resume possession of the work if it was not progressing satisfactorily.

[Mr. Perkins here read a letter from Perkins & Dear to Prater, dated 10th May, with reference to weight of stone, and also a telegram to Captain Miles, apparently at Strahan, dated 1st August; also read letter of 12th August, forwarding Solicitor-General's opinion *re* Hungerford's tender to Mr. Prater.]

2821. *By Captain Miles.*—We discussed the question of accepting the next tender or calling fresh tenders. I remember the Solicitor-General's views very well. I thought a letter was written to the Board on the subject? The object of taking the Solicitor-General's opinion was with a view to accepting the next tender or calling for fresh tenders, and the Board wanted to be satisfied they were safe in regard to the refusal of Hungerford, and the Solicitor-General's opinion confirmed their safety in the position.

[Letter read, from Perkins & Dear to Captain Miles, as Head of Strahan Marine Board, dated 25th May.]

2822. *By the Chairman.*—Was there a telegram on the same date? No.

2823. *By Mr. Mulcahy.*—The date of that letter is 25th May? Yes.

2824. Addressed to whom? To the Hon. E. T. Miles, Warden Strahan Marine Board.

2825. Did you write direct to the Board on the same date? No. I wrote on another matter to the Board on the 26th May.

2826. Was there a letter to the Board on 25th May? Yes, to Prater, on 25th May, on a question of by-laws only,—as to definition of the word “trip.”

2827. You do not know whether your letter to Captain Miles ever reached the Board or not? I cannot tell you.

[The Chairman asked Mr. Perkins to supply a copy of the letter of the 25th May, which had just been read.]

2828. *By Mr. Morrisby.*—What was the date of the letter you wrote to the Strahan Marine Board, incorporating these explanatory clauses? The 10th May.

2829. What was the date on which Hungerford was supposed to have signed the contract? I cannot tell you.

2830. It would be known in your office? No, I cannot tell you. They gave him an extended time, which I knew nothing about. I did not have the management of the whole of this. I was away on 16th May. Hungerford called on 16th May and tendered their money.

2831. Hungerford attended at your office on 16th May to sign the contract? Yes; he came, I suppose, to sign the contract. Contract would be accepted on 22nd April, and he would have 14 days to sign it. 6th May would be the last day. He was in my office on 5th May, Friday.

2832. On the 10th May, you sent to the Board recommending these clauses? Hungerford and the Board both had them. I knew nothing about the extended time.

2833. The Board had no intimation from you, previous to 6th May, that these explanatory clauses were necessary? No, I do not think so. There was not any communication between me and the Board, except through the Master Warden.

2834. *By Mr. Mackenzie.*—You stated there was a paper wanting with these specifications—conditions, I think, you called them? Yes, an agreement. [Read document referring to “Form annexed hereto.”] That form was not with the contract.

2835. Whose duty was it to supply that form annexed? I cannot say. It may have been the Secretary’s duty.

2836. Do you consider that a serious omission, or a trivial one? It is important in this respect, because Mr. Hungerford says, “I am prepared to sign the contract which is annexed.” With Government tenders a printed form of agreement accompanies. Had the ordinary contract been there it would have made Mr. Hungerford’s case very much stronger.

2837. *By Captain Miles.*—Do you remember, when you were discussing the matter with the Solicitor-General, that that was the first point he dropped on,—he asked there what the “Contract annexed hereto” was? He may have, but my memory won’t carry me that far.

2838. The engineer to the Board prepared the specifications and conditions, and plans, and made all arrangements for tendering—should that contract form have been with the other documents at the time,—what is the practice? All I can speak of is as to my own practice. I should have annexed the form of contract if I required it signed. I do not know what other people’s practice is. It may have been torn off. All I can say is it did not come.

2839. Were you consulted about the new specifications,—did you have them perused? No; that is an engineer’s duty.

2840. Do you know if the same words are used in the new tenders speaking of a contract annexed hereto? I do not know. I have not seen the originals. They are in Strahan.

CHARLES NAPIER BELL, *called, and made the statutory declaration.*

2841. *By the Chairman.*—Your name is Charles Napier Bell? Yes.

2842. You were appointed Consulting Engineer to the Strahan Marine Board? Yes.

2843. Shortly after its formation? Yes.

2844. Did you prepare the plans for the West Breakwater at Macquarie Heads? Yes.

2845. Did you draw specifications for that work? Yes.

2846. Is it usual with specifications of that nature to have a form of contract annexed for the signature of the successful tenderer? It is usual, I think, to have a legal form of contract, with which the plans and specifications and general conditions form together the contract.

2847. Was that added to these specifications? I do not know. I left the specifications and general conditions with the Marine Board at Strahan, and went away to the other Colonies.

2848. Can you inform us about what time you prepared these specifications and left for the other Colonies? In February, 1899.

2849. Do I understand you prepared the specifications while at Strahan, and left them with the Marine Board? Yes, with various instructions as to advertising, and that sort of thing.

2850. Did you at the same time prepare any estimates of quantities? Yes.

2851. And any estimates of prices? Yes.

2852. What did you do with these estimates? Left them all with the Secretary of the Board. They were only prepared to allow the Secretary or Chairman to have an idea when he received tenders as to what I thought the cost would be. Of course my estimates are always high.

2853. Do I understand they were not to be seen by anybody outside the Marine Board? Certainly not by tenderers.

2854. Would they be of any assistance to intending tenderers? They might or might not be. They might give tenderers an idea of what I thought the price was; still a tenderer, if he knew what he was about, would not take any notice of mine.

2855. Tenders were received on 17th April, and shortly after that did you hear the result of the tendering? It was wired to me at Musselbrook. There was more than a week's delay because I was away up the tributaries of the Hunter, and did not get them.

2856. You know the lowest tender was from Hungerford & Son? Yes.

2857. What do you know of that firm? They carried out the breakwaters in Greymouth—several contracts—one after another.

2858. Has their work been satisfactory? Yes; I never knew anything against it.

2859. The second lowest tender was Derbidge and Co.? Yes.

2860. Do you know that firm? I do not know the firm. I know Derbidge; he was foreman of Lyttelton Harbour Works, and is so now.

2861. How do you spell his name? I think it is spelt D-u-r-b-i-d-g-e.

2862. I made a mistake in saying they were the second lowest tenderers. Between Hungerford's and Derbidge's tender, there was one withdrawn from Stocks and Co.? Yes.

2863. Do you know them? Stocks was foreman for the contractor of the Lyttelton Dock.

2864. Do you know where he is now? Yes, somewhere in Sydney. He is now foreman on Mort's new dock, under Wady and Co., contractors.

2865. What was your experience of Stocks' work? I only knew him as foreman under the contractors for the dock, and the contractors were extremely well satisfied with him. He took charge of the works of the great dock in Sydney. When the contractor for that dock died, and the affairs of the contractor were said to be in great confusion, the widow got Stocks to manage for her, and it is said he finished the contract for the widow, and made a large sum of money. After that he was employed by the Imperial Government in Sydney to carry out works at Garden Island.

2866. In your first specifications you refer to first class stone as being from 10 to 20 tons. What is your interpretation of that expression? That stones shall be between those two weights, and any stone over 10 tons is of that class.

2867. Would the contract be properly fulfilled if the contractor put in nothing but stone weighing 10 tons 1 cwt.? No, it would not. That was not the intention.

2868. In your opinion, is it within the letter of the contract? No; that was not the intention of the specification. It is quite possible it might be so distorted. I would prevent it if I could.

2869. Could you have prevented a contractor putting in nothing over, say, 11 tons? Yes, I think so, because the word 20 tons is as good as the word 10 tons, so I could demand up to 20 tons, and stop the contractor if he did not do so.

2870. Could you, on your specifications, have compelled him to put in an average of 15 tons? No. That average, if you take as an average every load, would have greatly raised the general average size of the stone.

2871. What would be the average weight of the stone according to the specifications? There can be no average. If between 10 and 20 tons, you cannot strike an average—at least, I do not think so.

2872. Would it be possible for the contractor to fulfil the contract by supplying an average of, say, 12-ton stone? He might try to do so, and might do so, if not prevented.

2873. You are aware that certain interpretation clauses were prepared by the Board? Yes.

2874. You received a copy: what was your opinion? I worked it out as best I could, and found it greatly increased the cost of the contract, by increasing the average size of the stone required from the contractors.

2875. Would the cost of the contract have been increased by adoption of these interpretation clauses? Yes.

2876. On 11th May you wired the Chairman of the Strahan Marine Board in these words—"Your interpretation clauses most suitable": when did you change your opinion, and what caused you to change it,—for on 2nd June you telegraphed the Board, "New conditions were a blunder and illegal": what caused you to change your opinion between these two dates? I fancy the first telegram must have been before I knew that the clauses were put in after acceptance of tender, and, if so, they were very suitable, as giving the Board more for their money; but when I wired to Strahan, and found that the interpretation clauses were put in after acceptance of tender, I considered it vitiated the tender.

2877. Do you consider any tender had been accepted? It was then.

2878. Whose? That of Hungerford; and Hungerford, I understand, was called up to Hobart to sign it. I have not a very perfect knowledge of what was going on, because I was so far away, but I fancy that was it.

2879. Do you mean acceptance of the tender or receipt and opening of the tenders? No; I mean acceptance of the tenders.

2880. Are you aware that the only acceptance of the tender was in the form of a telegram, addressed to Hungerford, as follows:—"Board will accept your tender conditional your signing contract now being prepared by our solicitors, and depositing £1250 security in fourteen days from

this date"? That is a conditional acceptance, but it evidently means they accept his tender conditionally on his signing contract—that is the legal contract, which would be prepared for any tenderer—and on depositing £1250.

2881. Was it a fair thing to put these interpretation clauses in before the tenderer signed the contract? If all the tenderers had received those new conditions everything would have been perfectly fair.

2882. Do you consider the interpretation clauses were necessary for protection of the Board? As I said just now, the clauses are in favour of the Board, but would probably, if all tenderers had seen them originally, have raised the price at which they would have tendered.

2883. Have you ever made any estimate of the amount by which the interpretation clauses would have increased the cost of the work? I made some calculations to that effect. I think you have them, because I sent them to the Board.

2884. Have you brought any correspondence with you? All correspondence previous to 27th July I returned to Strahan, and that received since then is all I have got here.

2885. Have you a letter from Captain Miles, dated 27th May? You telegraphed on 5th June to Secretary Marine Board, Strahan—"Your letter 27th May, together with one from Chairman same date, so contradictory that I decline interfere in tenders. Letter posted." We have a copy of the letter which the Secretary of the Board sent you: we want to know if you have a letter of the same date (27th May) addressed you by Captain Miles? Yes, I have it.

2886. Can you give it to the Committee? It is confidential.

2887. *The Chairman to Captain Miles.*—Have you any objection? Captain Miles (after perusing letter) there is one paragraph I would not like to be made public. I did not know the letter was marked "Private and Confidential." The passage referred to might be regarded as a reflection on another man, and result in a libel action possibly. I will show it to you, Mr. Chairman, and you can decide whether it should be made public.

The Chairman: I would rather not take the responsibility. I do not wish to see anything that is not open to all the other members of the Committee.

Captain Miles: I would like to ask my Solicitors' opinion first. [Shows Mr. Bell the paragraph.] I have shown the paragraph to Mr. Bell, who says he thinks I ought to put my pen through it, as it has no bearing on the case at all.

The Chairman: We cannot accept a mutilated document.

Mr. Mulcahy: I think the gentlemen composing the Committee may be trusted to decide the question. This letter has been referred to in the evidence several times, and I think the Committee should have it.

Mr. Bell: I had a right to destroy it, it being confidential, and there would have been an end of it. I could have thrown it in the fire yesterday.

Captain Miles: I do not think I have a right to land myself in a libel action. I do not consider the paragraph has any bearing on the case. It expresses an opinion, it is true, but it certainly is not important to the present inquiry.

[After the Committee had considered the matter the Chairman again asked for the letter to be produced, on the understanding that if the passage referred to did not, in the opinion of the Committee, have any bearing on the case, then such portion would not be published. The letter was then handed to the Committee by Mr. Bell with Captain Miles's permission. See Appendix.]

At 12.45 P.M. the Committee adjourned.

AFTERNOON SITTING.

At 2.30 P.M. the Committee resumed.

The Chairman.—The result of the deliberation is that we find the paragraph in question has no bearing on the case, and a copy is being made of the letter leaving out that portion. We will add a note that a paragraph has been omitted, which, in the opinion of the Committee, had no bearing on the case.

Examination of Mr. Bell continued.

2888. *By the Chairman.*—Do you know of anybody in New Zealand named Derbidge? That is the person I presume we were talking of.

2889. From the Directory it appears there is a Sam. Durbridge at Governor's Bay Road, Lyttelton? I know him very well.

2890. And is it the Sam. Durbridge that you know? Yes.

2891. Did you receive a telegram from Captain Miles somewhere about the 27th of May, asking you not to approach Hungerford until you got his letter? I think I did. If I did it is there. I sent all papers back to Hobart when leaving for New Zealand.

2892. You remember getting that telegram? Yes, I think so.

2893. Then on 27th May you got a telegram from the Board as follows:—"Will you negotiate with Hungerford terms on which he will carry out contract, &c." Did you have any negotiations with Hungerford at that time or subsequently? If I remember rightly it appeared that at the same time that that was sent me a similar telegram was sent Hungerford, and as Hungerford was ill his daughter telegraphed me that her father was ill, and had received a telegram telling him to communicate with me.

2894. And did you have any negotiations with Hungerford in consequence of that communication? No; as far as I can remember I refused to do so till I had called Barrowman to come to me and tell me how matters stood, because I didn't understand them. I telegraphed the Secretary at Strahan to send Barrowman to me at once, and I did not say anything to Hungerford till Barrowman should come, and so I awaited his arrival.

2895. After Barrowman arrived did you have any negotiations with Hungerford? Yes, I did. I wrote him to ask whether he was prepared to take up the tender with the original conditions before they were altered.

2896. Did you have any interviews with Hungerford? Yes. He came to see me, I think, on 25th May, at Maitland.

2897. A letter was written you from the Board on 27th May, and you received a letter of same date from the Master Warden. Did you have any interviews with Hungerford after that? No. Hungerford was going from Sydney to his contract at Foster, and ran up to see me at Maitland, and stayed an hour or two.

2898. What transpired? He told me a lot of things of what, in his opinion, was going on. I did not pay much attention to him, thinking he was interested in the matter, and annoyed.

2899. Did you offer him the contract upon original specifications? Yes, when I was told to do so by the Board from Strahan.

2900. Did you think it a safe thing to offer him the contract on his original tender and on the original specifications,—would the Board have been fully protected had he accepted the contract upon the original specifications, without the insertion of the interpretation clauses, and at the price he had tendered? Yes, because the original clauses, unaltered, were those which I wrote for the contract to be tendered for, and they were the same as those under which all the works had been carried out in Westport and Greymouth for many years. Therefore I did not suspect that anything was wrong in those clauses.

2901. Did Hungerford, at any time, accept the contract on the original specifications during his interviews with you? No.

2902. Did he refuse them? Well he wrote evasive letters. I do not know whether they are with you or not. I then wrote to say, "You must decide at once whether you take up the contract on the original clauses, or, if not, we will re-let it." Then he wrote me, saying he would not take it up on the original clauses but would tender on the new conditions.

2903. *By Mr. Mulcahy*.—Had you previously used exactly the same specifications in similar contracts? I used similar conditions on breakwaters at Westport for 5 years, and on breakwaters at Greymouth, 50 miles south of Westport. Hungerford had worked for over 8 years with these specifications.

2904. Satisfactorily? Yes, there was no trouble, the breakwaters were made long ago.

2905. Did you really intend in your specification that the average weight of stone should be 15 tons? No; we meant the class to be from 10 to 20 tons, taking out of the quarry stones of 10, 12, 15, 17, to 20 tons weight. At Westport we had stones, under this specification, up to 35 tons, a good many of them. I never thought it necessary to alter that specification, under which we had worked satisfactorily for so many years in New Zealand.

2906. Did you consider Mr. Hungerford was treated fairly in having the interpretation clauses imposed on him after he had been notified his contract would be accepted? No, I took exception to them; and telegraphed the Board, if I remembered rightly, that doing so was illegal; that if all tenderers had had these altered clauses put before them before tendering, then everything would have been all right; but if, after accepting his tender, it was put before him, I thought it was illegal, and vitiated his and all the other tenders. The new clauses were certainly in favour of the Board. They gave them heavier stone apparently for the same money.

2907. You do not consider it necessary that an average weight of 15-tons of stone should be specified? No, I have not done that before, and when this case presented itself to me I went into a calculation and found it would considerably increase the cost of the contract. I wrote so to the Board, and shewed them my calculations, which are in those letters. [Witness explained his calculations.] This provided a measurement of truck-loads. The trucks we had carried 20 tons and over. This shows what each truck would carry. The first class shows 20-ton trucks, which would carry two 10-ton stones. On the new specification it would only carry one 15-ton stone, and no more, and so on with the rest, making a considerable difference.

2908. Could not that be made up by another truck taking a weight over 15 tons? It possibly could be, but it would mean a general increase over and above what was required in the first place.

2909. You mean that the average will be taken from each truck-load, or do you mean the average will be taken from the whole, as deposited? I take it that if the average is governed by one truck, it is also governed by a number of trucks.

2910. Suppose there were 6 trucks of 20 tons capacity, and in 4 trucks there were 4 stones, each weighing 20 tons, and in the other 2 trucks 4 stones of 10 tons each: that is, 6 trucks carrying 8 stones; in all 120 tons,—would that be complying with the specifications? It would not have complied with the new conditions as the 2 trucks with 10 stones would have been rejected from the first class, and put with the second. We always measure out a truck of stone and divide the net weight by the number of stones, and classify the stones in that manner from each truck. There are, of course, many ways of doing it. You may class 100 trucks, or a month's work, and do it

that way, but we take each truck, weigh it on the weighbridge, and classify it, and the specification says that stones shall be classed in that way.

2911. You could not adopt the other method? Yes.

2912. What was the reason of these interpretations?—did it necessarily require a contractor to keep all stones of 15 tons weight? It did not necessarily require him to keep them 15 tons weight. It made the general average heavier, and this would be more costly; the larger the number of large stones, the greater the number of small stones that would be thrown out. This is the ground on which Hungerford and his son threw it out, because they saw that the new specification was more onerous. He told me he threw it out on that ground.

2913. You made an estimate that the increased cost under the interpretation clauses would be somewhere between £6000 and £7000? No.

2914. Did you make any estimate of what extra cost would be imposed on Mr. Hungerford under the new conditions? No. I shewed that generally it would increase the weight of the stone.

2915. Beyond what you intended yourself, as engineer? Yes, and beyond what was originally forwarded to tenderers to tender on. It made the contract more costly. [Extract read from letter of 4th June to Board.] I made no calculation of the new conditions; but on some that would come nearer to what was asked for. I made no calculation on the 15 average ton.

2916. Had you any reason to think Mr. Hungerford would not have carried out his contract under the original prices? I thought the price was very low.

2917. Is he a reliable man? I think so. He has carried out a great deal of work during the last 15 or 18 years.

2918. Has he had any litigation in connection with his contracts? He has had a few law suits.

2919. Do you remember them? I remember one particularly, where he law-suited the New South Wales Government.

2920. What was the result? He got a very large award.

2921. Was he in the right? Yes, according to the award.

2922. You have known him to be connected with a good many contracts? Yes, for at least 20 years.

2923. Under yourself? Never under me.

2924. Of your own personal knowledge, you cannot say whether he carried out the contracts satisfactorily? Except what I heard. I was not connected with his contracts at Greymouth. He had contracts to make a railway between Greymouth and Brunnerton. He carried that out. I do not know whether there was any litigation or not. He had a contract for making the West Coast road from Hokitiki. He had, for over 11 years, successive contracts for making breakwaters at Greymouth Harbour, and the training walls and river walls, and a variety of things: part of them designed by me. He carried them out; I had nothing to do with him.

2925. Do you think if Hungerford's tender had been accepted originally, without the altered specifications, he would have carried it out, from what you know of him? I think he would if we had helped him.

2926. What do you mean by helping him? Giving him a rise in some of the prices that did not pay him.

2927. Is that a general practice? It is sometimes done.

2928. Where a man takes a contract at too low a price? It was done in that great contract for the main sewer at Melbourne, under Moore. They helped him out. I have often seen it done. It is not desirable. As long as you do not come up to the next highest tenderer, there does not seem to be much harm in it. I may tell you that Hungerford interviewed me, and when I told him his contract was absurdly low he said it was nothing of the kind; and this is my note, made on the 15th May:—"Hungerford said his tender was a good and sufficient one, being as much and more than the price for his contract in New Zealand, which was 4s. 6d. for first class stone only, no other class being included, and he had to throw away all the other lower classes." This was for finishing the South Breakwater at Greymouth; and he was required to put a great many thousand tons of heavy stones on the end of it, so that it should not receive damage; the stone was, therefore, all first class. That is the price he said he got, and I believe it is true. He says he did not lose by it.

2929. Four shillings and five pence was his rate for first class stone in the Macquarie Harbour tender? Yes, and there were also other classes of stone.

2930. You wrote the Secretary of the Strahan Marine Board on 4th June—what did you mean by the words "cross purposes" in that letter? You have just obtained the letter which shows the cross purposes.

2931. I should like you to tell the Committee what you considered cross purposes? It meant that the Secretary told me to negotiate with Hungerford and come to a conclusion with him; and I also received a letter from the Chairman not to do so—that I think considerable cross purposes.

2932. Did you think anything unfair was being done? I was a long way off, and very busy, and did not know what was going on, except from what Hungerford told me, and I did not believe half what he said, because I considered he was an angry and disappointed man.

2933. Did you see Hungerford prior to writing this letter of 4th June? Yes; he saw me for about an hour and a half on 25th May.

2934. In a letter to Mr. Barrowman, dated 26th May, you mentioned you had just had a visit from Hungerford? Yes.

2935. You say, "Now the above discloses (referring to what you had heard from Mr. Hungerford) such a tissue of scheming that I cannot believe it, and as it will be very soon in everybody's mouth I think it best to call for fresh tenders." What do you mean by a tissue of scheming? Hungerford told me a long tirade of what was going on—that Langtree had tried to induce Hungerford to withdraw, and Hungerford had refused; that Stocks had been induced to withdraw because he was somewhat lower than Derbidge, and that Derbidge had offered Hungerford to compound, and Hungerford had also offered the same, or something to that effect—I won't be sure; I did not know what to think.

2936. Did you know Stocks was partner with young Miles? No.

2937. Have you discovered it since? Stocks was one of the tenderers.

2938. Did you know his tender was put in in conjunction with young Miles? No.

2939. Have you known it before the time of my asking this question? I do not know it now.

2940. You never heard it? No; I thought Stocks was a tenderer on his own account.

2941. Have you met Mr. Stocks? No, I have not.

2942. Have you met Mr. Derbidge? Yes; I saw him a week ago.

2943. In connection with the contract? No; we were talking of some works at Lyttelton.

2944. Do you know anything of the financial position of Mr. Derbidge? Derbidge has been employed by the Harbour Board at Lyttelton for a great many years. They set great store upon Derbidge; they would not lose him on any account.

2945. You said in your letter to Barrowman, "The new conditions raise the weights of classes of stone, which were found sufficient in Greymouth. I am most annoyed, &c."—are you still of the same opinion? I have said just now I thought the new conditions raised the weight of the stone.

2946. But the other paragraph, "I am most annoyed and disappointed"? Most undoubtedly I am.

2947. In your letter of 4th June there is this paragraph, "I have no particular desire to see Hungerford get the contract, nor do I think much of Derbidge's partnership, which is composed of two brothers Derbidge and young Miles, none of whom have any money"—is that a matter of opinion? That is an opinion, and I presume so still; but am open to conviction to the contrary.

2948. Do you think they are in a sufficiently strong financial position to take the responsibility of carrying out a £43,000 contract? I never heard of Derbidge having any money. He is employed at a salary of £260 to £280. I do not know the brother.

2949. Is the brother in a permanent position? I do not remember ever seeing him.

2950. Is S. Derbidge in a position he would have to vacate to come and carry out this contract? You may carry out a contract in fifty ways; but when I thought Derbidge was a good man to take the contract, I assumed he would have come across, because he is a clever man and a fine administrator of work, and very much prized by his present employers.

2951. Would he be giving up a good permanent position? He would have to give up his billet under the Lyttelton Harbour Board.

2952. Do you think the contract for the West Breakwater was one that might be entered into without visiting the works? I do not think any contractor should take up a work without seeing it personally. All the tenderers did come to see it.

2953. All of them? Yes, as far as I know. I was not here at the time.

2954. You are aware that Derbidge did not come to see it? No; I had forgotten that I was told he did not come.

2955. Were you aware that Stocks did not come? No; I was not aware that Stocks did not come.

2956. Do you know anything of Walsh, of Footscray, Victoria? I do not know him; I think I have heard his name.

2957. Have you had any experience in your professional capacity of contractors intriguing—putting in two or three tenders and withdrawing some of them, for the purpose of getting higher prices? Lots of it.

2958. Is it frequently done? Yes.

2959. You do not know of your own knowledge whether it was done in this case? No. Hungerford filled me up with a lot of it, as he is an angry man, but I did not take much notice.

2960. You wrote to the Board, "Hungerford tells me his tender was a *bonâ fide* one, and he could have carried it out because it was the same price as his last one in New Zealand"? Yes.

2961. *By Mr. Mackenzie.*—Your estimate of quantities is 53,000 tons in round numbers, in the first class. Would you consider the contractor would have fulfilled the conditions of your specification if he had supplied half of 10-ton stones and half of 20-ton stones? I think that would be very fair.

2962. If he had to supply an average of 15-ton stones he would be required to supply 3500 stones, in round numbers? Yes.

2963. Do you consider that heavier work than to supply the same quantity in 10 to 20 ton blocks? The onerous conditions lie in this: when you have taken a certain number of heavy stones you leave the contractor the option of selling you his smaller stones; and if you limit the class by an average weight, I take it, you throw out the option, and he would then have to throw away as useless a larger quantity of stone than otherwise.

2964. If he was getting his first class stone, and in getting them he got second, third, and fourth class, he could still make use of them? That might be so, but all the other classes are subject to the same limitation.

2965. You think it was imposing additional work on the contractor? Yes.

2966. Do you think the contractor would be justified in refusing to sign a contract under these conditions? Yes; if he tendered for a certain sum, say, £30,000, upon conditions advertised, and when he came to sign he found the conditions altered so as to make the work more costly, then his £30,000 is not equivalent to what he is required to take up.

2967. Hungerford had done work for you previously? No, he never did any work for me.

2968. Well, under your specifications? He did some training walls, but the main breakwater work he did was not under my specifications.

2969. You consider your specifications sufficient to protect the Marine Board? I thought so, because I had worked under them at Westport for years. I copied them from the specifications at Greymouth—we had no trouble there; but I quite agree that the new conditions are much more advantageous to the Board, because they give heavier stones. They are, however, more costly to the contractor.

2970. If you had tendered under the first conditions would you have signed the contract to carry out the work under the interpretation clauses? No, not unless you gave me a higher price.

2971. Have you made any estimate of the difference in price between the two conditions? No; I gave only the estimate shown here of the probable greater size of stones that would be incurred by the new conditions.

2972. I think you said Hungerford had carried out works in New Zealand at the same price he was getting for first class stone here? Yes, at the same price he was getting for first class in his first tender.

2973. He had only on that occasion to supply first class stone? Yes.

2974. Do you know if he made it pay? He said he did not lose by it.

2975. In this contract, as he had smaller classes to supply, he would be in a better position? Yes.

2976. That is, it would be quite possible for him to carry out this work at an advantage to himself at his price? He said it would; I thought; and so did Barrowman, it was excessively low, but Hungerford said he could have done it.

2977. You know the quarry where this stone is to be obtained? Yes.

2978. Is it as easily got as from the quarry in New Zealand? I should have thought not, but Hungerford protested he never saw a more favourable quarry than this.

2979. *By Mr. Aikenhead.*—Would there be any difficulty in getting stones of 15 to 20 tons in that locality? I fancy there would be. My first impression of the stone at Strahan, when I fired some shots in it, was that large stone would be scarce: Barrowman thinks the same. It will be more costly to get large stone. There is a good deal of splintery quartz and what they call quartzite, which breaks out badly.

2980. Could not the Clerk of Works insist on a requisite proportion of large stones being used? Of course.

2981. He could insist on these heavy 20-ton blocks being used? They must be got. We should insist upon it.

2982. The Clerk of Works would be able to insist on using 20-ton stone where required? Yes. Although the interpretation of an engineer may be different from that of a lawyer, if the contractor attempted to put in only 10-ton stones, we would not have it, and would stop the work. I fancy we would have power. The clause says from 10 to 20 tons. That evidently means between the two, and he has got to give us a fair proportion of each weight.

2983. Do you think the Marine Board was perfectly protected under that condition 10 to 20 tons? Yes. I have carried out so much work myself, and seen so much carried out under the same clauses, and have never known any hitch arising. I may tell you that was the very same clause we had in Westport, and we put in great numbers of stones of 30 tons, and one of 42 tons, and paid for first class only.

2984. Can you say if Mr. Barrowman is a man of experience in these matters? He has had a long experience in this kind of work. He was foreman of Greymouth Breakwater, over Hungerford. After that I was appointed to carry out a similar work in Westport, and got Barrowman into my service away from Greymouth. That was in 1884. So he has been from then until now at this sort of work.

2985. If Mr. Barrowman gave it as his opinion that the Board would not be sufficiently protected under that condition of 10 to 20 ton stones, and that it was necessary to insert some more stringent and more definite conditions, what would you say? I should say that was his opinion, and I have mine. I do not know why he should think that.

2986. The fact of his giving such an opinion would not make you alter yours? No; his opinion would not influence mine.

2987. *By Mr. Propsting.*—You just now referred to Hungerford having carried out a contract in New Zealand, under Barrowman? Yes.

2988. Were the specifications on that occasion similar to this? Yes, one copied from the other.

2989. Would it pay a contractor to break up his 20-ton stone? No.

2990. As a matter of actual practice, he would not put in all stone under 11 tons? He would put in whatever came out between the weights. He would not be allowed to break up his stones.

2991. He would have to break up a 40-ton stone? Yes; he could not put in heavier than his crane could lift.

2992. Apart from your disallowing it, it would not pay him to do so? No, because bigger stones are at a higher price per ton.

2993. As a matter of actual working, if the specification says stone from 10 to 20 tons, it would necessarily mean that there would be stone between those weights? I take it to be so.

2994. You were asked previously whether you thought your specifications were safe to give the Marine Board a satisfactory job, and you said you thought they were? Yes.

2995. Do you still hold that opinion? Yes.

2996. Do your estimates, as a rule exceed, those of the contractor? My estimates generally do—in general they are high. I never make a low estimate.

2997. What would a contractor need to do in making an estimate? He would need to bring his experience to bear of what the cost of working would be, what would be the cost of his plant, machinery, and roads, and what would be the cost of his stone; and in this way he would arrive at the cost; adding to it all the expenses he would be liable to before he got paid.

2998. Is it essential that the contractor should visit the place? I think in a case of this kind it is. Of course a contractor may not do it, but he runs the risk of committing some error he would have found out.

2999. Would it be possible for a contractor, upon the data supplied by the Marine Board, to tender with any confidence? Yes; but it is not safe to tender till you have seen the place.

3000. *By Mr. Mulcahy.*—You said a while ago, in reply to Mr. Aikenhead, that a contractor would have to give you a fair average of each weight of stone? Yes.

3001. Would not that imply that the weight of stone between 10 and 20 tons would have to average 15 tons? No; it would mean actually he would have to put in some of each kind—10, 11, 12, 15, 18, 20 tons indiscriminately. It must necessarily be indiscriminately, and the only guide you would have to that would be if the Inspector found they were running short of heavy stone—he would say to the contractor, “We are not getting enough of the bigger stones; you must produce some 15, 18, and 20 ton stones.”

3002. Is there anything in the conditions empowering the Clerk of Works to demand that? Nothing, except what is expressed in the specifications; the general conditions say that the work must be carried out in all respects to the satisfaction of the Inspector.

3003. Was that sufficiently strong to give the inspector power to require the deposit of these large stones? Yes, that is an agreement. The contractor agrees to obey the conditions, and if he does not, it is a breach of contract.

3004. Suppose Hungerford's tender had been accepted and he had proceeded with the contract, and had only put up a crane and rolling-stock sufficient to lift, say, a 14-ton block, how would you act under these circumstances? I should have ordered him to procure one or more 25-ton cranes.

3005. And if he had not done so? I would have cancelled the contract.

3006. Were you empowered to do that? I fancy so, by the general conditions.

3007. *By Mr. Morrisby.*—Did you receive a copy of the interpretation clauses? Yes.

3008. Can you tell us on what date? I am not sure of the date.

3009. Was there any communication accompanying these clauses? Yes, a letter from the chairman.

3010. The letter you just produced, or another letter? All the letters I got are in that collection on the table.

3011. Did that communication accompanying these explanatory clauses make it plain to you that these were conditions made after the tender was received? No. I asked the Chairman or Secretary whether these clauses had been inserted before date for receiving the tenders, and whether all tenderers had seen them.

3012. Did you get a reply? The reply was they had not seen them. They were put in after opening the tenders, and none but Hungerford had seen them.

3013. You obtained that information after the 11th May, when you cabled the Board you approved of them? Yes. I fancy I approved of them, because I thought they had been put into the specification and generally advertised. Then, after I found or suspected that it had not been so done, I asked by telegraph if the conditions had been submitted to all tenderers. I received a reply to say that they had not. I then asked whether the conditions were submitted after or before acceptance of tender, and the Secretary replied, “After.” I then said if they were put in after acceptance they were illegal, and invalidated all the tenders.

3014. Would the relative quantities of stone varying from 10 to 20 tons depend upon the state of the quarry for putting out the larger and smaller stones? There is no doubt the conditions of the quarry will have a great deal to do with it.

3015. I think you said just now it would not pay any contractor, even supposing he were allowed by the Clerk of Works to break up any stone under 20 tons weight, so as to make 10 ton stones? It would not pay a contractor to break any stone.

3016. You said Hungerford told you Derbidge had made him an offer to withdraw his tender—did you hear of that from any other source than Hungerford? No, I did not know what to believe.

3017. Is Hungerford a man you can generally believe? Yes; he is generally an honourable man, as far as I know.

3018. You thought he might be prejudiced by being unsuccessful? I thought he was very angry, and therefore did not attend to what he said.

3019. *By the Chairman.*—[Handing a letter to Mr. Bell, dated 4th May, from Captain Miles] Did you receive this letter before you sent the telegram of the 11th May? I think I did. I have no written dates, and can only trust to memory. But I think I got this letter and sent the telegram before I knew the interpretation clauses had been put into Hungerford's tender alone, and not in the general advertisement.

The Committee adjourned at 4.15 P.M.

EVENING SITTING.

C. NAPIER BELL, *further examined.*

3020. *By Captain Miles.*—Mr. Bell, do you remember when you were writing the original specifications in the office in the evening, when I came over to see you? Yes; I do.

3021. You passed over to me some of the specifications, as you wrote them, for me to peruse? Yes.

3022. Do you remember me, at that time, asking you if it was necessary to have twenty-ton stone in the job on the breakwater? I don't quite remember that,—I do remember you making some suggestions as to amending the specification, most of which I adopted, but I don't think they had reference to twenty-ton stone.

3023. Yes; there were several suggestions—you asked me to look through the specifications—I made suggestions, and several alterations were made? Yes; I adopted most of them.

3024. Yes; some you did, and some you didn't—you don't remember as to the twenty-ton stone? No; I do not remember about that.

3025. What was the impression left on your mind from the suggestions made—what were the suggestions—were they in light of making the contract more watertight—in favour of the contractor, or in favour of the Board? I think it must have been in favour of the Board. I think it was more to have legally-binding clauses. I can't tell what they were now.

3026. You remember the original specifications as put out first had no quantities specified for each class of stone; you put them out first without quantities? I am not certain if I did that; it may have been so, I am not very sure about it; I don't quite remember.

3027. Some time after tenders were called Mr. Barrowman writes to you and asks your opinion about inserting quantities? The quantities were inserted long before tenders were called; the specifications were issued with 244,000 tons set forth. When I left Strahan I gave written specifications and final conditions, and left a certain form of tender; I also left all the quantities.

3028. No; you left the quantities at the office, but you did not put them in the original specification—you gave the classes of stone, but not the quantities? Well, I don't know how that can be, seeing that the specification of weights stated there would be 244,000 tons of stone.

3029. Yes, you gave the total quantity, but not the quantities in each class—is that not so? Well, I don't quite remember now.

3030. The quantities in the classes were afterwards given in in that form? Oh, I left the quantities in a separate paper with the Secretary, that was it.

3031. Yes, that was it, and Mr. Barrowman wrote you some time after, and in a telegram you mention we were to give out the quantities you left with the Secretary? I think that is so, yes.

3032. Did Mr. Barrowman write you, about the same time, in reference to the weights of the different classes,—do you remember? If he did the letters would be there. I have not destroyed any correspondence.

3033. It is not very important. I wanted just to know if you had written about the same time that Barrowman wrote, that would be about a week before the first tenders closed—I should say about the 10th April, if I remember rightly? I have only here letters from Barrowman of the 1st May, 2nd June, and some time in August. I have nothing else from him here.

3034. It is prior to that, Mr. Bell—I am not at all positive. He wrote, I understood, at the same time he wrote about the quantities. I understood he wrote also about the weights, but it is of no consequence? I really don't remember, unless the letters can be found. I can't say from memory.

3035. Do you remember receiving a wire from me about the end of April, asking if you could come to Hobart and peruse the contract before signing, I wiring you from Strahan? I think I did receive such a wire,—was it April?

3036. Yes; just about the time that Hungerford's tender was provisionally accepted? No, his tender was accepted in May.

3037. No; the telegram went to you about the 26th April, if I remember? I think that would be the same day I am speaking of. All the telegrams are here that I received—every one of them.

[Capt. Miles referred to Letter-book for copy of telegram.]

3038. April 28th—that is it—wired Bell from Strahan, "Contract will be signed in Hobart end next week; can you arrange come Hobart peruse contract before signing." Do you remember that telegram, Mr. Bell? Yes.

3039. You remember getting that telegram, and you replied, "General conditions, specifications, and plans are the contract; any additions let lawyer prepare"? Yes.

3040. Did you anticipate there would be any additions to the specifications and conditions at that time? No, I never dreamt of such a thing. The additions referred to in my wire were that I thought you would make a sort of legal document to attach to the contract,—such as "I, Hungerford, hereby agree to carry out the said so and so, and so and so,"—that sort of thing. I thought that would be it.

3041. You are referring to a form of contract that is supposed to be annexed to the specification in such cases. The tender form referred to the contract annexed hereto? Yes. I think you said, either in your letter or telegram, you were drawing out a legal agreement, such a legal agreement as is often attached to specifications and plans, the whole forming together the contract. Sometimes the contract is signed without it, but often not. In important contracts there is a legal form of agreement made out and annexed, and I understood that was what you were writing about. I had nothing to do with that, as I had only to do with the general conditions, specifications, and plans.

3042. And it was that agreement you were referring to when you said, "Any additions let the lawyer prepare"? That is what I thought—yes.

3043. Then the interpretation clause was prepared, which I sent to you later on? Yes, I got that.

3044. You told us to-day that you did not consider it necessary to protect the interests of the Board, that the Board were well protected without it. You said they were fairly well protected without the interpretation clause? Yes.

3045. When I wired you, or, when I wrote you on the 5th May or thereabouts, informing you that Hungerford refused to sign, you sent a reply back to the Board that the interpretation clauses were most suitable? That is so.

3046. From your evidence to-day you appeared to think, or rather, you explained, you were under the impression that that interpretation clause was inserted in the contract, or in the conditions, before the conditions were accepted? I think I was under the impression that the interpretation clause had been inserted in the general conditions, to which all tenderers who tendered had access. I shortly afterwards found out that was not so, and that only Hungerford had; was informed of it; that was how it was, as far as I remember.

3047. You know that the Board acted on that telegram, Mr. Bell, that the interpretation clause was most suitable? I don't know what they did in respect to that.

3048. Are you aware they passed a resolution when they received it, that no tender should be received unless that clause was inserted,—you know that? I am not certain how I got to know it; it may have been in letters. I did not know it at that time, at any rate.

3049. As a matter of fact the Board postponed or adjourned their meeting until they got the telegram, and they decided, on receipt of your telegram, not to accept any tender without the interpretation clause was inserted, no matter what. Although the telegram was sent under a misapprehension it was because of that the Board refused to accept a tender without that interpretation clause? I believe so.

3050. You added to that telegram, "Sorry you extended Hungerford's time ten days": Was anything on your mind about that at the time, or was it a passing thought? I added to the telegram, "Am sorry you extended the time ten days"; but I can't quite remember what my reason was now. I had some idea that when he accepted the tender he should be made to sign it at once, or something of that kind.

3051. On the 3rd of May you wired again, "See that Hungerford signs plans, specifications, and all documents." The term "all documents" would refer to what you spoke of a while ago in connection with the contract? Yes.

3052. On May 12th, Mr. Bell, that is, a day after you sent the telegram to the Board about the interpretation clause, you wired Mr. Barrowman, "Yours of 1st May received: I approve all you say. Cannot see how Hungerford can carry out his contract." Can you tell us what was the part of Barrowman's letter of which you approved?—was it about the weights? Not unless you can find the letter: I have not got it. What was the date?

3053. Your telegram says, "Yours of 1st May received"? 1st May—oh, well, it is not referring to that. There is the letter, if you want it; that is what I wired on; it more refers to the manner in which he proposed to carry out the whole work about training walls and other matters.

[The Chairman read the letter of Mr. Barrowman of 1st May. See Appendix.]

3054. You got that before you got my letter about the interpretation clause—that would be the first intimation you got about the weights not being correct—that letter refers to the maximum.

and minimum weights? I can't remember when I got your letter enclosing the new clause which you proposed to put in.

3055. You might have got it before you replied by wire. It was written on the 5th, that letter? Here they are, no doubt [produces letters], and dated 28th April; I don't know when I got them.

3056. As far as I remember, I sent them from here on the 5th May, when Mr. Hungerford asked for an extension of time the first time—you could not have got them before—you might have had Barrowman's letter referring to it before you had mine. It does not make it clear, but it points to something occurring at the time. The letter refers to the draft of the agreement having been sent to the lawyers, which is a short summary of your specifications and conditions, and defining the progress of the work and the plant necessary during four periods, that is, the first six months, the second six months, the third six months, and then the last period of ten months. There are some other clauses, such as that the stone must average the middle weight between the minimum and the maximum? Yes.

3057. I think, on consideration, you will find that you received that letter about the same time you received mine, because you wired to Barrowman on the 12th and wired to me on the 11th? What did the wires say?

3058. Well, you wired Barrowman on the 12th, "Yours of 1st May received. Approve all you say. Can't understand how Hungerford can carry out his contract." You see Barrowman pointed to Hungerford's price as low, and did not see how he could carry it out, and you, at the time approving of what he said, did not see how he could carry it out? No, that is not what I understood. I understood what he said about small rubble, and putting quarry rubble in the middle of the work. That is what I fancy I understood.

3059. And that is what you meant when you said he could not carry out the contract. Did you really think, Mr. Bell, that the work could be done for £33,000 at this breakwater? I thought it was very low, but taught by long experience, I know you can't tell what contractors will do work at. I have seen contracts taken at prices which were the laughing-stock and scorn of everyone, and yet the contractor did the work.

3060. Mr. Barrowman's estimate of the job was £45,000, your own about £48,000? Yes, but my own is not really £48,000, because I included plant that would subsequently come off, and would have to be refunded to contractors by progress payments.

3061. Do you say that Mr. Barrowman had the necessary knowledge to make a fairly accurate estimate of a job of that kind? Oh, I think so.

3062. Then you think his estimate of £45,000 would be fair for the work? You know as well as I do what contracts are, and that it depends on management. One man will take a contract for £50,000, and be ruined, another will take it at £35,000 and make money. It entirely depends upon management.

3063. Did you know that before Hungerford finally refused to sign on the 16th May that the Board had passed a resolution, which was published in the press, that if Hungerford refused to sign the interpretation clauses, fresh tenders would be called for,—the Board met on the 15th May, and they passed a resolution, that if Hungerford refused to sign fresh tenders would be called; that was published on the 16th May, in the *Mercury*, and also in the local press. It was after he knew that the Board would call fresh tenders that he refused to sign the contract—did you know that before? No. I can't say I knew these particulars. I don't remember it. I don't know that they ever reached me in Maitland, where I was at the time; in fact, I was away up in Musselbrook then.

3064. Would you expect from a contractor, knowing that the Board would call for fresh tenders if he refused to sign, and having a low price—is it not reasonable to suppose he would not sign, but rather run the risk of a fresh tender? Yes, it is probable that if he knew that new tenders were to be called he would think he would then have a chance of retrieving his position by getting a better price; it is quite likely.

3065. Then you would say it was not a wise thing for the Board to publish their intention to call for fresh tenders,—it would be likely to cause a contractor to refuse to sign before he had actually refused? It might do so.

3066. It was not wise to publish a statement that, if the contractor did not sign, they would call for fresh tenders? I think it was very uncalled for of the Board to do that: till they had concluded one business, they should not have been on with another.

3067. We will now come to the old and new conditions. Take the conditions as to plant in the two contracts. In the old, or first specification, the plant required was as follows, I believe:—2 locomotives of suitable size for the work; cranes, one not less than twenty tons, the lifting power 2 ten tons; 2 five tons or 2 three tons, as may be found most suitable for the class of work to be handled. Rails of 45 lbs. per yard. In the new conditions this plant is very much increased. There is to be 1 crane of twenty-five tons, 1 of twenty tons, 2 of ten tons, and 2 of five tons. Trucks are also mentioned. I thought they would not state in the new conditions what it does not state in the old. What were the trucks to be? End and side tip-trucks; end tips, 15 tons, and side tips with 3 axles and a load of 25 tons; and the number of trucks of each kind shall be such as the engineer requires for the progress of the work. The rails are to be not less than 55 lbs. to the yard, in the place of 45 lbs. What was the object in making the conditions as to plant so much more drastic in the second specification than in the first? Because I had an opportunity of doing

it. All tenders were then off, and it was a case of calling for new ones. Barrowman came up, and we talked it over; and we thought it better to put in more plant, and we thought we might indicate as to the trucks. I thought, with him, that it would be better. We had an opportunity then to alter the specification, and it was altered accordingly, preparatory to calling fresh tenders.

3068. Did you not consider the clauses in the first specification sufficient, where you mention only one 20-ton crane, and nothing is specified at all as to trucks, whether 15 tons, or 5 tons, or 25 tons. Was it not a dispute about the weights of stone that induced the alteration in that condition? It may have done so. Barrowman told me there had been a dispute in Westport, but it never came before me.

3069. How many quarries, about, would it be necessary to work to get out the quantity of stone required in 28 months, the 244,000 tons? One quarry would do it if there was sufficient length of face to put in the number of cranes.

3070. When you say quarry, you mean a number of quarries suitable for the cranes? Yes, you would require to have as much room in the quarry as would allow these cranes to work easily, and rails to each crane.

3071. To get the rails into the quarry? Yes, every crane must have a branch line running into the quarry, and out to the breakwater.

3072. What is the capacity of these cranes for the work? I have seen them put out 120 tons a day, and I have seen them do no more than 60 tons; you can't make a rule in this respect.

3073. What would a fair average be—80 tons a day? Yes, that might be fair.

3074. Then, you would want five quarries and five cranes at work to deliver 400 tons a day, and it would take an average of 400 tons a day to complete the contract in the specified time, that is, working 300 days a year? Yes.

3075. Then, with five quarries open, and only one crane with the outside power of 20 tons, you probably would not get much big stone? Yes; but you see that specification is the minimum, he shall not have less than that; but he is compelled to put out all the quantity in 28 months, therefore, when he finds the minimum is not sufficient, he is bound to get more cranes.

3076. I was trying to find out what cranes and rolling-stock the first specification compelled the contractor to have? These numbers were put in as the minimum.

3077. As to rolling-stock, there is nothing in the first specification as to trucks—whether 10 or 20-ton trucks? No. I thought it very natural that these men, knowing the size of trucks, and the style of trucks always used in these works, would certainly make that kind of truck and no other. These trucks are very commonly used in New Zealand, at Fremantle, and various other places.

3078. Yes; and the average size? It was not necessary for me to say anything about the plant. All it was necessary for me to do was to say he had to put in a certain quantity of stone in 28 months. He might cast about as he pleased to get the plant to do it. That might have been done in the first specification, but when he was out of that and came to the second specification on the recommendation of Barrowman, it was amended, as you see; and was better, no doubt.

3079. And the weight of stone was increased also? Yes; that is increased.

3080. Under the old contract there were 53,000 tons of stone over ten tons; in the new there are 110,000 tons of stone over ten tons? No; it can't be that much.

3081. Yes; there are 50,000 in the new conditions over 15 tons, the weight minimum being 15 tons, and there are 60,000 from 10 to 15 tons? That is the two together; go to the next one.

3082. In the second specification, then, there are 110,000 over 10 tons; in the first there were only 53,000 over 10 tons? What is your next?

3083. The next is 65,000 third class stones, from 5 to 3 tons? Then the second must be pretty nearly the same.

3084. If anything like the minimum weight of stone was put in the breakwater under the original conditions you would have 53,000, a trifle over 10 tons? Yes.

3085. In the new conditions there are 50,000 with a minimum of 15 tons, and 53,000 with a minimum of 10 tons? I never got a copy of the new specifications, so I don't know that. [Mr. Bell explained that he had drafted the second specification at Maitland, and given the draft to Barrowman, who took it to Strahan to be printed, and they had never sent a copy to him (Mr. Bell).]

3086. The first class stones are to weigh over 15 tons each stone. That fixes a minimum of 15 tons for 50,000 tons of first class. The second class stone shall weigh from 10 tons to 15 tons each stone, and there are 60,000 of that? I thought the two classes were taken to correspond nearly in quantity.

3087. That was in the first specification? Yes, it was difficult to get them to fit into the 244,000 tons.

3088. The interpretation clauses which were inserted gave the working average of first-class stone, viz., 15 tons; you thought that was a condition which was not required to protect the Board. The interpretation clauses which we inserted said that 10 to 20 ton stone should mean an average of 15 tons, and you thought that was not required to protect the Board? No.

3089. Then, the new conditions are more onerous still than the average in the first conditions was,—15 tons; while the minimum in the new conditions is 15 tons? Of course the new conditions are more favourable to the Board; they were meant to be so.

3090. You said this afternoon, you did not think the contract could be properly carried out if stone of 10 tons or a little over were put in, that was not the intention, that you must have considerably over 10-ton stone to bind the slope, otherwise the work would be useless. No, that was not the intention.

3091. That it must be between 10 or 20 tons weight, that you must have over 10 ton stone, otherwise the work would be useless? Did I say that? I don't know that I said the work would be useless, but I said it would require some considerable number of 20-ton stones to make the work safe.

3092. Are you aware that Mr. Hungerford stated that he would be complying with the specification if he put in stone a little over 10 tons? I heard that from you, I never heard it before. He utterly denied it to me, point blank.

3093. He stated it in the office? That is so, you told me so, but he denied it point blank.

3094. The Solicitor to the Board said it to-day? Was he here to-day?—he did not say it while I was present. I have not seen the Solicitor.

3095. Would stone a trifle over 10 tons make a stable breakwater? Yes, it would, until it got to the end into deeper water, then you must have large stones and great blocks for the work. Three quarters of it might be very much less weighty stones than 15 to 20 tons; but when you get into deep water and heavy breakers, then you must have large stones.

3096. You said you thought you could demand, under the old conditions, stone up to 20 tons, and you said if you did not get them you would stop the work and cancel the contract; is there power to do so? I think so; it is in the general conditions.

3097. And if the Board's solicitors say you have not the power, would you still say you had the power? Oh, if the solicitors said we had not the power, I should have to consider the matter. The Solicitor-General for the Government drafted the condition in New Zealand. They thought it was correct in New Zealand, and that they could enforce the contract.

3098. Perhaps the minimum of the class was sufficient there? No; the necessities of a breakwater there are quite as great as any that would arise here.

3099. Well, then, say that there is a difference of opinion as to the question whether a contractor could put in stone a trifle over 10 tons, and comply with his legal obligations, would it not be likely there would be a dispute, which, if it occurred, would be likely to involve the Board in a law suit? If the question was open to dispute, no doubt there would be.

3100. If the outside end of the breakwater was to be protected with 2000 tons of first class stone, I presume the bulk of it would have to be the heaviest weight you can get? Yes; a mixture of first class stone of from 10 to 20 tons would be required.

3101. Would anything less than 15 tons weight be sufficient to withstand the sea? The mixture of from 10 to 20 tons would withstand the sea, but if there were no 20-ton stone and no 15-ton stone, probably it would not.

3102. If they had half 20-ton stone, and supplied 20-ton stone to the face of it, that would be all right? Yes, it would. The Newcastle breakwater is subject to far heavier seas than on the Coast. I have seen many heavier seas than you are likely to have at Strahan. That breakwater is made of from 7 to 20 ton stone all mixed up together.

3103. Now, speaking of making a comparison between the cost of doing the work under the old conditions without the interpretation clauses and with them, you make a considerable additional cost to the contractor by inserting the interpretation clauses—that is the probable cost? Yes, I assume it would cost more; it would raise the general weight of the stone. I did not indicate any sum that it would be more than the other.

3104. Well, you worked it out, as far as I can see, by taking the capacity of the truck to be 20 tons a side tip-truck, and you brought out the difference to be as between two 10-ton stones and one 15-ton stone per truck. Is it not a matter of practice, always done, that in any of these heavy stone contracts you only take one stone per truck? Yes, very often they do if the stone is large.

3105. Well, they would put their heavy stones in a certain place, and would find it better in practice to dispose of them in single stones instead of two of them in a truck? Yes; there is no rule in the matter, but the specification says that the classes shall not be mixed up in the trucks.

3106. In making up that analysis, you say that in the original conditions two 10-ton stones can be carried in one truck: can't that be done under the interpretation clauses as well as under the old conditions,—if two 10-ton stones can be carried in the other case it can under the new conditions? 10-ton stones will not be allowed under the new conditions.

3107. I am speaking of the interpretation clauses? The interpretation clauses won't let a 10-ton stone go in. A stone must be 15 tons, otherwise it would be put in the second class.

3108. If 1000 stones were put in, weighing 15,000 tons, would not that comply with the conditions? No, certainly not; not under these conditions,

3109. If 15,000 tons of stone were put into the work, and these 15,000 tons were composed of stones 10, 12, or 15 tons each, would not that comply with the conditions? No, I don't think so. Each stone shall be an average of between 10 and 20 tons, which is 15 tons; that is, under the new interpretation clauses.

3110. And do you interpret that to mean 15 tons—neither more nor less? Yes.

3111. Well, if you interpret it that way, no wonder the contractor would want more money? That depends on the impression made on the mind of the contractor. These clauses have to be interpreted by the contractor, and he would put his price on accordingly. The only one you tested

was Hungerford, and he immediately inferred that the interpretation clauses would materially alter the cost to him, and for that reason he has backed out of it.

3112. Well, that is certainly not what Barrowman intended to put into the interpretation clauses? No; I know Barrowman tried to explain it away. There are fifty ways of interpreting these clauses. The meaning which the Board had when they put them in was to increase the weight materially. The effect of that necessarily is that the contractor must have more money. When it was tried by the one contractor who tested it he immediately found that he must have more money.

3113. The intention was to prevent 10-ton stone being put in the job; and our lawyers said that was the best clause by which to effect that? Yes. I think it was not well expressed. It might have been better expressed. A tenderer would be aware that it meant larger stones.

3114. Yes; it means an increased weight of stone. You think, then, that under that interpretation clause a contractor could not put 1000 stones into the job of any weight between 10 and 20 tons so long as the 1000 stones weighed 15,000 tons? All that I can say is that that is not the way contractors are dealt with. We weigh on the weighbridge each truck of stone and it is entered in a book as so much of such and such a class. We do not go through half a year's work. We must classify the stone every day as it comes in the truck, or you will never count them.

3115. If you kept a record every day of each truck-load of stone, 10, 12, 15, or 20 tons, used in the work, the account could be adjusted? Yes; we never did it that way. It might be done. There are many ways in which it might be done; but in whatever way you might do it, the intention was to raise the weight of the stone, and a tenderer who was going to accept it would say that it raised the general weight of the stone.

3116. Do you know that in practice it is found more advantageous to a contractor to handle stones of from 15 to 20 tons than to handle small ones, if the plant will carry them? Yes, that is so.

3117. That he can lift, carry, and tip stones of 15 or 20 tons as easily as stones of 10 tons? Yes.

3118. The contractors evidently thought so. The contractors under the new conditions, with the increased weight of stone, don't appear to have considered the work more costly to carry out? They do not—not much more.

3119. The average of the first tenders was £45,000—that was the average of the whole of them? That is putting them together and dividing them.

3120. Yes; they came out £45,000 average. After that, the second set of tenders came out an average of £44,000, being £1000 less? That is so.

3121. In the first specification there were 53,000 tons over 10 tons, but the second stated 90,000 tons over 10 tons. Evidently, the contractors don't consider putting 15 or 20 ton stone into the work a very onerous condition? From that it would appear not; but who can tell what contractors will do when struggling for a contract.

3122. I understood you to say that all stone under 15 tons would be thrown out of the first-class under the interpretation clauses; is that so? That appears to be so. The words "that each stone shall weigh an average between 10 and 20 tons" means that each stone shall weigh 15 tons; I think that is the term. [Witness reads interpretation clause. See Appendix.] What that means quite passes my understanding; I don't know quite what it means, because the clause says, "First class stone shall weigh from 10 to 20 tons," and then adds that "each stone shall weigh 15 tons." I don't know what it means. I take it that each stone must be 15 tons; it must not be less, but it may be more; either one way or the other.

3123. This is the interpretation clause of which you approved? That is so, yes.

3124. I think you told us this afternoon that Hungerford got a large experience in New South Wales. I thought he came there from Hokitika. Do you know if he finished up in Greymouth and Westport without a law suit? He never was in Westport. I can't remember any law suit he had. He had some dispute with the engineer, but I don't know that he ever had a law suit; I am not sure.

3125. Do you know that there was a dispute in reference to one contract that Mr. Barrowman had to deal with,—Wilkie's, I think? That was in Westport. Yes. There was no dispute. It was discussed, Barrowman said, but I never heard it. In one letter to me Barrowman said it was discussed in Wilkie's time as to the interpretation of the clause from 10 to 20, and from 3 to 10 tons. That is so, I believe, but it never came before me, and I can't say what was done. Wilkie did carry out the work for 15 months or more.

3126. Hungerford carried out, or got a contract to carry out, a work, it was stated, at Greymouth, where he put a large lot of stone into a breakwater at 4s. 6d. per ton. Did he not have the quarry all ready and opened for him? Oh, yes.

3127. And the plant was there? Yes.

3128. There was no dead work to do; simply to take the stone out of the quarry and put it in the breakwater? He had to quarry it, of course.

3129. Yes; but there was no dead work; that would make a great difference in the value of the work? It would. That is what Hungerford said; it is not my statement.

3130. You said, under the old conditions, you would have ordered the contractor to put in 20-ton stone where required, and if he did not you would cancel the contract? Yes, he would have to put them in. I have power to do that. He would have to do as he was directed to do.

3131. Is there any such power? There appears to be such a power under the general conditions.

3132. Would not that lead to a law suit? Not if there were clauses in the general conditions whereby disputes should be settled, which there are. He can't go to law. You have provision in the general conditions, I think. Look at the end of it; the general conditions were not altered. Look at Clause 31.

3133. Yes; any dispute shall be referred to the decision of Mr. C. Napier Bell, &c.? That clause defines that he shall not go to law. He is not allowed to go to law.

3134. *By the Chairman.*—Did you prepare these general conditions, Mr. Bell? No; they were originally prepared by the Solicitor-General of the Government, I think.

3135. Of New Zealand? Yes.

3136. The second specifications, did you prepare them? You mean at Greymouth?

3137. No, you don't quite understand. We know you prepared the specifications on which the first tenders were called. Who prepared the specifications on which the second tenders were called,—who made these specifications? I did. It is this way: the first specifications the Board proceeded to alter by what was called the interpretation clause, and afterwards the Board decided to relet the work. When it was decided to relet the work, the ground was opened then to alter anything we liked. I sent for Mr. Barrowman to come to Maitland, and we went over the specifications carefully and made alterations, and it was on the revised specifications—the second specifications—that the second tenders were called for and received.

3138. You said just now you had not seen the second specification? I have seen it, of course. I wrote it out, and sent it by Barrowman to Strahan. In Strahan it was printed, but I never received a print of it.

3139. *By Mr. Mulcahy.*—You saw S. Derbidge on your way to Tasmania within the last few days, I believe? Yes.

3140. Did he not want to say anything at all about his tender? Not a word.

3141. Did you ask if he had a prospect of getting it? He did not say a word. I said to him, "I suppose you will be going over soon to see about your tender," but he turned aside and said, "I think not." It was evident he did not wish to speak to me, and I did not wish to speak to him about it. That was all that was said. It was just at the last moment, when I left him.

3142. *By Mr. Propsting.*—It has been stated in evidence, and given as an opinion, that the contract could not possibly be done for £33,000, that is the amount of Hungerford's tender. Is that your opinion? Oh, I could not say that positively. It is a very low price, that is all I can say. He would have an uphill job to make ends meet with it. I can't say anything more than that.

3143. Well, if you had been present when the tenders were opened to advise, would you have agreed to the amended specifications or to put in the interpretation clauses? Not after accepting a man's tender, I would not. If it were before tenders were called I would have altered them and put in a general advertisement for all tenderers to see.

3144. Well, when the tenders were opened, had they been submitted to you without any new conditions whatever, would you have accepted Hungerford's tender? I think I would, because it is not very easy to reject a tender when you have stated in the advertisement what you want. You are evidently casting about or seeking to get the lowest tender, and if you get it and reject it, you have to show very good reason why you should reject it. It is not often done—to reject the lowest tender, perhaps more's the pity, but it is not.

3145. Would you have felt satisfied, in accepting Mr. Hungerford's tender, that you were getting substantial work? The tender does not consist of substantial work, but the conditions of contract require substantial work to be done.

3146. Would you expect, with your knowledge of Mr. Hungerford and the specification, that he would carry it out satisfactorily? I should have expected a great deal of trouble and difficulty with him at that price.

3147. In your experience has it ever been a reason for rejecting the lowest tender, that the price tendered for is too cheap or too low, or lower than was expected? I think that has been done sometimes, but it is not generally done. If a contractor has tendered too low, he is left to suffer for his own folly. It has been the general custom to accept the lowest tender, but I know that in the case of harbour boards, sewerage boards, and that sort of thing, it is almost always the custom to take the lowest tender, I suppose for the reason that councillors don't choose to take the responsibility of making a choice.

3148. *By Mr. Mackenzie.*—From your knowledge of Mr. Hungerford, Mr. Bell, would you consider him competent to carry out an undertaking of that nature financially? I was not certain about that, and I did not know what money he had got. He told me a long time before that he had a rich man with him as a partner in Sydney; a man with a great deal of money. I know he is a rich man. I am not justified in mentioning the name.

3149. *By the Chairman.*—Is his name Carey? That is the man Hungerford named to me. I think it was half a year before the tenders were called when Hungerford said to me he meant to get the Macquarie Harbour tender. I said to him, "you have not got money enough to take a contract like that." If I remember rightly he said he had plenty of money, because those who would go in with him would find it; I think he had a partnership of that kind.

3150. *By Mr. Mackenzie.*—It would take considerable capital to provide plant for such a work, I suppose? Not so much as you would think, because the terms on which the specification

was drawn up was that the contractor would get back half as the stone is delivered, as an advance on the plant; generally, it is easy for a contractor to get machinery for the works on long-dated bills, and practically put off payment until the work is done.

3151. Was there any special risk in this work,—was a contractor running any special risk in taking a work of this nature? You mean the risk as regards his finances?

3152. No; as to the work standing? No; there is no risk in breakwater work with rubble stone. There is less risk in that than in any other kind of work, and the contractor is paid at schedule prices for the stone required.

3153. *By Mr. Mulcahy.*—You sent this telegram on 18th May to the Chairman of the Marine Board, Strahan:—“If conditions altered, after tenders opened, Hungerford’s tender is not binding. His deposit should be returned, and fresh tenders called for to avoid litigation. See lawyer about this.” You did not, then, of course, know at that time that the conditions had been altered after the tenders had been received? I think I must have known it, because the terms of the telegram just read are such as to infer that I did.

3154. No; you say, “If conditions altered.” You wired the Board on the 11th May, “Your interpretation clauses most suitable, regret you extended Hungerford’s time”—at that time were you aware or not as to the new conditions? I think I was not aware then. I am under the impression that at first I did not know under what circumstances the new conditions had been issued: it was some time after, more than a week, before I began to be made aware that they had been issued after the tenders were received. I think you will find a telegram there that I wired to the Secretary, “Were new conditions issued before or after tenders called?”; the Chairman or the Secretary wired back, “Were issued after tenders called.”

3155. Yes; there are two telegrams—one from Captain Miles to you, “Interpretation clauses issued after tenders opened”? Just so; that is when I first became aware of it. I then sent the telegram that it was illegal.

3156. Then, when you sent the telegram of 11th May, you were not aware that the conditions had been altered after the tenders were called? I did not know until I sent that telegram after, about the 18th May. I did not take any objection to the interpretation clauses at all. That was not it. It was the way in which they were issued that I took exception to.

3157. I ask that to get an explanation of the apparent inconsistency of your at one time commending the interpretation clauses as most suitable, and then calling them illegal? When I wired the first time I did not know under what conditions the altered clauses were issued; I only found out afterwards.

3158. In the end of this letter, Mr. Bell [letter produced], there appears a passage that Hungerford had cabled to a friend of his in reference to Sam. Derbidge trying for the work himself, and it says, “You will see by Sam.’s letter that he offered £1000 to Derbidge to withdraw, or he would take £1000 and withdraw himself.” Did that refer to a letter of Derbidge’s that you had? No, I had no letter.

3159. No letter from Derbidge & Co.? No; Capt. Miles had the letter from Derbidge & Co.

3160. Did he send it to you? He sent me a copy, and I gave it him back again.

3161. How did you dispose of that letter? I gave it back to Capt. Miles this morning. It was something that Derbidge had said to a person accredited by Hungerford. He had been approaching him to see whether he would take or give, or something of that kind.

3162. *By the Chairman.*—Do you remember if that letter was addressed by Mr. Derbidge to Capt. Miles himself? Oh, yes, it was addressed to him, not to me.

3163. *By Mr. Propsting.*—Was that letter attached to this letter [letter produced] when you first produced it in this room this morning? Yes, it was pinned on to it.

3164. *By Mr. Mackenzie.*—Since the tenders were opened, Mr. Bell, have you met Mr. Stocks? No; I have not seen him for three years.

3165. What is the financial position of Mr. Stocks? I know nothing about his finances, but his position has been that of foreman of works, at a fixed salary weekly or monthly. I believe he is so now.

3166. What aged man is he? When I had him with me he was about 21. He is now a man of about 37 or 40 years of age.

3167. What is his name? Benjamin Stocks. He is only a foreman of works at Mort’s Dock.

3168. *By Mr. Propsting.*—Was that letter which was attached to this an original or a copy? It was an original. It was only a scrap cut from a letter, and half of it was cut off.

3169. When you handed Captain Miles that letter, did you hand him any other letters about the Strahan Marine Board business? To-day?—no, excepting the one you have just read.

3170. *By Mr. Mulcahy.*—Was any arrangement made with regard to taking the first tenders over to Melbourne sealed up, and opening them there in your presence? He asked if he should come up to Maitland or Newcastle, but I didn’t see what he wanted to come up for. I did not want them. If it was decided the lowest tender was to be accepted, there was an end of it.

3171. Had you been present at that meeting when tenders were opened, would you have advised the acceptance of Hungerford’s tender? I think so.

3172. You would have done so? I think so. It is a serious step to take to put a man’s tender aside, and you must justify your action. You assert he can’t carry it out at the price; he asserts he can. You can put it aside, no doubt; but I should not have done it, as I have said

before to-day. I had an idea that we should have had to help him out by giving him a rise on the smaller stone, so long as we did not come up to the next tender.

3173. *By Mr. Propsting.*—If you had rejected his tender, would it have been on the ground that the specification allowed him to dodge honest work? No, it would not; because he has previously worked many years under the same specification, and has not dodged—or has not been able to. Captain Miles or Mr. Barrowman, or both, told me that he intended to dodge, but when he came to see me he stoutly denied ever saying anything of the kind.

The Committee adjourned until 10.15 next day.

TUESDAY, 26TH SEPTEMBER, 1899.

ARTHUR EDMUND RISBY, *called and took statutory declaration.*

3173. *By the Chairman.*—Your name is Arthur Edmund Risby, and you are a sawmill proprietor carrying on business at Hobart? Yes.

3174. *By Capt. Miles.*—I want to ask you, Mr. Risby, if you can remember anything about a transaction with Mr. Morrisby during the past six or seven years in connection with bills? Yes.

3175. Did I ever at any time induce you to put pressure on Mr. Morrisby in connection with bills? No, none whatever, not that I know of.

3176. You would have knowledge of it, if I had induced you to put pressure on him? Yes. The transaction was in September, 1892.

3177. *By Mr. Morrisby.*—And you were paid, were you not; you got your money? Yes, we got the bill paid in March, 1893. The bills were given in December, 1892. I looked it up yesterday.

3178. I don't think I ever had any conversation with you? No; I am certain that Capt. Miles never made any suggestion of putting pressure on Mr. Morrisby. The letters all bear out different to that.

Witness withdrew.

GEORGE STEWARD, *called and took statutory declaration.*

3179. *By the Chairman.*—Your name is George Steward, and you are the Under Secretary for the Government? Yes.

3180. *By Captain Miles.*—Were you in the Premier's office, Mr. Steward, when Mr. Morrisby saw the Premier in reference to a statement made in the House of Assembly; he had some conversation with the Premier about it, in connection with a bribery case, about six weeks ago, I think? I don't know if you are referring to the morning when Captain Morrisby came in and had a conversation with the Premier, that was the 12th of August. I have reason to know the date.

3181. Will you tell the Committee what was said on that occasion? Yes, sir. Captain Morrisby came to the Premier and said to him that he felt it was his duty to himself to publicly explain the position in regard to the Strahan Marine Board and himself, in reference particularly to remarks you, Captain Miles, made in the House on the previous evening, containing incorrect statements; that you seemed to think that he was responsible for the attack which was made on you by Mr. Cameron, which was totally untrue. He had not only not been a party to that action, but that he entirely disapproved of it. Further words were spoken, and he referred to a letter he had written on the previous night, and which appeared in the *Mercury* of that day, stating that he was going to take an opportunity to publicly explain the whole position, and keep nothing from any one. The Premier said, "Very well, you can't expect me to say anything in the matter." Captain Morrisby replied, "I don't expect you to say anything; I merely come to you as a gentleman, and as the head of the Government, to inform you what I propose to do." That is roundly what took place. The interview only lasted 2 or 3 minutes.

3182. You are quite certain Mr. Morrisby said he disapproved of Mr. Cameron's action? I have no doubt whatever.

3183. *By Mr. Morrisby.*—Did I not say, Mr. Steward, that it was not at my instigation that Mr. Cameron brought the matter forward? I can tell you exactly what you did say within a word or two. There was nothing about instigation. You said, "He seems to think I am responsible for the attack made on him by Mr. Cameron: not only am I not responsible, but I entirely disapprove of it. You will see I have written a letter in the *Mercury*, which is in print in this morning's paper." I may explain, Mr. Chairman, why I have these notes. I was sitting in the room when Captain Morrisby came in. It is unusual for me to sit in the room when Members of Parliament are present, but the Premier told me to stay, and as I saw what was said in the House on the previous evening, I thought it my business and took a note on my blotting paper from which I have read.

3184. *By the Chairman.*—A shorthand note of the conversation as it proceeded? Yes.

Witness withdrew.

FREDERICK ORMSTON HENRY, *called and took statutory declaration.*

3185. *By the Chairman.*—Your name is Frederick Ormston Henry. You were elected a Warden of the Strahan Marine Board for the Strahan division in September last year? I was.

3186. *By Mr. Morrisby.*—Do you remember, Mr. Henry, at any time subsequent to the election of Master Warden, having any conversation with Warden Sligo? I had several conversations with him.

3187. Do you remember during one of these conversations whether he mentioned anything to you respecting an offer made to me by Captain Miles? I do.

3188. Do you recollect what it was, and where? The statement was made by Mr. Sligo to me at my private office at Strahan. I can't give the date; it was some time after the election of Master Warden. Mr. Sligo voluntarily told me that he had heard Captain Miles offer Warden Morrisby one-half of the Master Warden's salary for his vote.

3189. Did Warden Sligo say anything more? Yes. I then said to Warden Sligo, "What did Warden Morrisby say?" Warden Sligo said, "That Morrisby refused the offer indignantly."

3190. Did Warden Sligo express any opinion to you on that occasion as to what he thought of this offer? Some conversation was carried on, but I can't really remember it.

3191. Did you ever have any conversation with myself in regard to the conversation with Warden Sligo after that? Yes, several times.

3192. Tell the Committee the substance of the conversations you held with me? Well, the gist of it was that I advised you to let the public know that you did not receive that half salary, otherwise the impression would exist in many minds that you had received it in consequence of your silence, and it would be injurious to you as a public man.

3193. Do you know if that impression did exist? Oh, yes.

3194. You have taken a great deal of interest, as a member of the Marine Board, in the tenders in connection with the construction of the Breakwater. Yes; I take a great interest in all marine matters connected with Strahan.

3195. Do you remember, at the Marine Board meeting of the 11th May, the interpretation clauses being taken into consideration at that time? I remember the interpretation clauses being taken into consideration at one meeting, but I can't fix the date.

3196. Did you know anything of the interpretation clauses before that meeting? I knew they were in existence, but I did not know the gist of them.

3197. Had you been acquainted, as a member of the Board, and before the meeting of the Board, of the nature of these interpretation clauses? No.

3198. Had you a conversation with the Master Warden respecting any alteration of the specifications? I had so many conversations that I can't recall any one particularly. The only one important thing that impressed my mind in one of those conversations was when I distinctly advised that Mr. Napier Bell should be sent for to confer on the question of accepting the tender of Mr. Hungerford. The Master Warden fell in with my views, and did wire to Mr. Napier Bell to that effect.

3199. Subsequent to Mr. Hungerford's tender being accepted, were you satisfied with the way the business of the Board in reference to the Breakwater was being carried on? No. It is hard to say to this Committee why I was dissatisfied; that would take a lot of going through, but I did not consider the Board was made conversant with all of the working—with all that was being done. They were not sufficiently taken into confidence. I refer more especially to the insertion of the interpretation clauses. The interpretation clauses, to my mind, were of sufficient importance to be worthy of a special meeting of the Board to consider, as we were paying a high salary for the services of one who is considered the highest authority in the Southern Hemisphere to prepare specification and plans, and I considered any interpretation added to these specifications should have been put before him (Mr. Bell) before taking action. I think, had the Master Warden called a special meeting for that purpose; that the Board would have done this; at least I, for one, would have moved that Mr. Bell's opinion be asked as to the necessity of adding the interpretation clauses, more especially when it was considered that prior to this, and according to my reading of the wire to Mr. Hungerford, this contract had been accepted on the original specifications; that is my view of the thing.

3200. Do you remember that meeting of the Board on the 11th May, when the explanatory clauses were being discussed, that the Board decided not to take any fresh steps till they received Mr. Bell's reply? I can't recall that fact, but to the best of my belief that was the case.

3201. You are aware a telegram from Mr. Bell expressed approval of the interpretation clauses? Yes, I am aware of that.

3202. Did you ever have a conversation with Mr. Barrowman on this particular matter of the tenders? I can't recall any particular conversation. He has made several statements to the Board at Meetings at which I was present.

3203. Can you give the Committee the substance of any of these statements? Well, it is hard to recall much of it, but that which is most impressed on my mind is his advocating the acceptance of Derbidge's tender. At this time I refer to it was known to the Board that young Miles was interested in that tender. Mr. Barrowman then expressed himself to the effect that it would be an advantage to the Board for Derbidge's tender to be accepted.

3204. Did he assign any reason why it would be advantageous? Yes; the connection of the Minister of Lands with his son was one reason.

3205. Were you satisfied or dissatisfied with Barrowman's conversation and recommendation in reference to this tender? Well, I had only my own opinion to go upon; I considered the remarks made by him to the Board were out of place. It sounded more like an address of advice to the Board, of which he was a servant.

3206. This was when negotiations were going on for signing the contract with Hungerford, and while the interpretation clauses were under consideration? This was after the interpretation clauses had been considered.

3207. After the 11th May? Yes.

3208. Had you heard previously that young Miles was interested in the firm of Derbidge and Co.? Previous to what?

3209. Previous to the 11th May, when the interpretation clauses came before the Board? It is difficult for me to meet dates; I can't give dates. The first intimation I had, or the first I heard, of it, was from Mr. Barrowman himself; the second was from the Master Warden, at the meeting of the Board.

3210. But you had heard rumours previously? Yes; I heard previous rumours which I could hardly credit.

3211. Taken altogether, you were not satisfied at the way the business of the Board was conducted? I have already stated I was not satisfied. With respect to the calling of the second tenders, there was one position in which I did not agree with the Master Warden. I considered there should have been open tenders, called for by advertisement, and not that it should be confined to the original tenderers, as was done. I expressed my opinion to that effect by wire to the Master Warden,—“Considered proposals excellent, but strictly advise calling for tenders by advertisement, as a precaution.” I was then, with my bag in hand, going to sail for Strahan. The Master Warden said he had a majority of the Board to justify him in calling for tenders in that way; I do not think he had.

3212. Were you satisfied as to the way the calling for tenders on the second occasion was carried out; that is, the general dealing with these tenders? Do you refer to the meeting, the way the meeting was conducted, or —

3213. Yes; the way the tenders were dealt with by the Board—the second tenders? I have already expressed one objection, and I consider it is a most serious one.

3214. Had you any other objection,—can you tell the Committee how the tenders were received? How were they received?—please explain yourself.

3215. Who received them, and how? Well, I was not there all the time. The tenders were supposed to be put into a tender-box in the office.

3216. Do you know whether all the tenders were put into the box? I do not know; they ought to have been.

3217. You were present, I believe, when the tenders were opened? I was.

3218. Were they all opened in your presence? Yes; they were opened in my presence, but I did not examine the tenders. I will not swear positively that all were opened in my presence.

3219. Do you know of your own knowledge whether any other member of the Board was dissatisfied with the way in which the business was carried on in reference to the tenders? Yes; I can speak for Mr. James Robertson, only for him definitely.

3220. None of the others expressed any opinion to you? I can't recall any others at the present moment.

3221. *By the Chairman.*—You telegraphed, Mr. Henry, to Captain Miles—“Consider your proposals excellent”; but you considered it necessary to call for tenders openly. What is that in reply to? To Captain Miles's telegram.

3222. To get this matter cleared up I will ask Captain Miles was that the telegram he sent round to all the Wardens. We get answers, but I want to know what they are in reply to?

[Captain Miles read a lengthy circular telegram, which was sent to the Secretary to be sent round to all the Wardens on 29th June, 1899. *See Appendix.*]

3223. Your reply to that was—“Your proposals excellent; but consider it also necessary to call for tenders by advertisement as a necessary precaution? Yes.”

3224. *By Captain Miles.*—You have said several times, Mr. Henry, that you were not satisfied with the way the business of the Board was conducted. Did you complain at any of the Board meetings of the way in which the business was conducted? When the occasion occurred, I expressed myself.

3225. But have you complained about any of those matters you say now you did not approve of? I can't say I have, unless it is in the minutes. The minutes may show my remarks.

3226. You say you can speak for Mr. Robertson—you knew he was dissatisfied—has he ever complained? We agreed upon many points I referred to.

3227. But has he ever complained at a Board meeting of the way in which the business was conducted? I can't recall that.

3228. You know that at many Board meetings I was not present? I know that.

3229. Was there not ample opportunity for any member dissatisfied with the Master Warden to discuss it when I was not present? Oh, there was ample room when you were present. That would not have intimidated me.

3230. I am not putting it that way at all. Would not members have ample opportunity to complain? There was always ample opportunity.

3231. And no complaint was made? I cannot recall any.

3232. Were you ever refused information by the Secretary? No, never.

3233. No telegrams, letters, or documents of any kind? No, never.

3234. You had the free run of all the papers, and in many instances saw the correspondence before I saw it myself? I may have done so.

3235. Your office being next door to the Marine Board Office, the Secretary consulted you, as the nearest member, on many things? Very seldom. I avoided him. I had the power and the opportunity.

3236. There was nothing in the office but what you could have seen if you had cared to? To the best of my belief, there was not.

3237. Do you remember a telegram that came from Mr. Napier Bell to the effect that the interpretation clauses were suitable? Yes, I remember that wire.

3238. You remember it being discussed at a meeting, and a resolution being passed that no contract was to be signed unless the interpretation clauses were inserted? Yes; that was after receipt of Mr. Bell's wire.

3239. After receipt of that, the Board agreed that it would not accept any tender without the interpretation clauses? Yes; following up my belief that it was necessary to rely on Mr. Bell's judgment in all matters.

3240. And Mr. Bell, wiring that the interpretation clause would be suitable, the Board passed a resolution that no contract was to be signed without that clause? Yes.

3241. And you were present? Yes, I was present.

3242. And eight or nine members were there, I believe? I can't say the number.

3243. You were a party to passing that resolution? Yes. May I explain why that resolution was passed by the Board. You read that telegram from Mr. Napier Bell, wiring that opinion to the Board. At the time he believed that this interpretation clause, or these interpretation clauses, were added to the contract at the correct time, and his wire came on that account. The after wire showed that he would not have sent that wire had he known that these interpretation clauses were added at the time when they were.

3244. Then I understand, from what you said, that you assisted to pass that resolution, believing that Mr. Bell based the telegram that he sent to the Board upon the belief that the interpretation clause was inserted before the tender was conditionally accepted? Yes, that was the impression on my mind at the time.

3245. The interpretation clause was—or rather the contract was, conditionally accepted on 22nd April? I can't give dates.

3246. Well, that is a fact—When did you first know about the interpretation clauses? I knew that they were being prepared some time before they were discussed at the Board meeting.

3246A. Yes, they were discussed at the Board on the 11th May? But I did not know the contents.

3247. If you did not know, prior to that, anything about the interpretation clauses, how could Mr. Bell have known—how could you suppose that Mr. Bell knew? That was my impression.

3248. Is that an impression you have gathered since you heard what Mr. Napier Bell said in his wires to the Board? I thought we were acting on Mr. Bell's advice; I never doubted he knew all about them.

3249. *By Mr. Mulcahy.*—Did you think he knew enough, or that he was under a misconception at the time? I never doubted; I always leaned on him as far as I could.

3250. *By Captain Miles.*—When you got the wire from Mr. Bell you passed a resolution agreeing that the interpretation clause should be inserted, believing that he knew what he was doing—that he was giving advice to the Board, and that he knew why he was advising the Board? Yes.

3251. Do you remember a telegram being received from Mr. Bell in reply to a wire from Mr. Barrowman. It is dated May 1st—"Yours May 1st received. I approve all you say. I don't see how Hungerford can carry out the contract."—Do you remember that? I have not any recollection of a wire of that sort.

3252. That is in reply to Mr. Barrowman's telegram of May 1st, or in a wire that Barrowman sent when he advised Mr. Bell what we were doing in the matter? I don't know the contents of that wire.

3253. Barrowman advised Bell about the work? I was not aware.

3254. Are you aware that a letter was sent by the Master Warden from Hobart, sending a copy of the interpretation clause, and asking him to wire if he approved? I believe so.

3255. Then he had a copy of the clause, and he also had Mr. Barrowman's letter before him—do you say in the face of this that Mr. Bell did not know what he was doing? Mr. Bell didn't know what he was doing. I hope you will not put that in my statement. I want to be clear.

3256. Then you believe that he did know what he was doing? Bell always knew what he was doing.

3257. Quite so; and the Board was guided by that? Yes, the Board was guided by that.

3258. Then the Board passed a Resolution that the interpretation clause should be inserted. You know that a telegram was sent to me in Hobart that no contract should be signed without that clause? Yes, I believe that was sent.

3259. Do you know that the Board then adjourned, awaiting reply? I can't remember that.
3260. Well, as a fact, they did adjourn. I wired that the tenderer would not sign till after the ten days' grace expired. The Board then passed a further resolution, that in the event of Hungerford refusing to sign, fresh tenders should be called for? Yes. I remember that.
3261. You were a party to passing that? To the best of my belief, I was.
3262. And that resolution was passed at a meeting when the press was present, and was published in the press the next day? I can't speak as to that.
3263. Well, that is so; it was published in the press the next day. Don't you think, as a member of the Board, that it was an unwise thing to pass that resolution before Mr. Hungerford had given an answer as to whether he was or was not going to sign? I don't think so.
3264. Would it not give Hungerford the impression that if he did not take up the contract he would have an opportunity of tendering again? Certainly.
3265. You know his tender was very low? I believe so.
3266. Well, would not that be a reason for him not taking the contract up? I can't see that; he might have stronger competition next time; but it was not made public.
3267. You know that the average of the tenders was over him; Hungerford's was £10,000 less? I am aware of that.
3268. Was there any tenderer anywhere near £33,000 next time? No.
3269. What was Hungerford's second tender? I cannot recall the amount.
3270. Hungerford said that he was about £43,000; that was £10,000 higher? But the specifications were altered in that tender; it was a very different contract.
3271. Now, you say you have heard Barrowman advocate the acceptance of Derbidge & Co.'s tender, and that it was known to the Board that young Miles was in the job. Barrowman expressed an opinion that it would be to the Board's advantage to accept Derbidge & Co.'s tender. Did he say why it would be an advantage? Yes; because his father was Minister of Lands and in Parliament, and his political influence would be of value.
3272. Where did he express that opinion? Openly, at the Board meeting. Other Wardens were present.
3273. And you thought the recommendation was out of place, and sounded more like an address of advice to the Board. Do you know anything of Barrowman's previous career? Nothing.
3274. Do you know if he has carried out large and important works in the other Colonies? Yes, I believe he has.
3275. And that he is a man of character and reputation? Certainly; he would not be here without that. We have his reputation from Mr. Napier Bell.
3276. He is a man whom Mr. Bell recommended specially for this work? Certainly.
3277. Have you said, to any person going to Melbourne recently, that you would go to any extreme to knock Miles out as Minister of Lands? No; I never made that statement.
3278. Nor used words to that effect? I never made such a statement.
3279. You swear that? Yes, I swear that.
3280. Do you remember dealing with the second tenders: you say they were received, and were supposed to be put in the tender-box. Why did you use the word "supposed,"—were they put into the tender-box? To the best of my belief, they were. I did not use the word with any meaning—the word "supposed."
3281. *By Mr. Mulcahy.*—Your present impression is that when Mr. Napier Bell sent that cablegram, "Your interpretation clause most suitable," your private impression is that he thought the interpretation clauses were issued to tenderers before the tenders were received"—is that what you think now? No, not now. It has transpired since, by a wire from Mr. Napier Bell, that he was not aware of it at that time.
3282. I want to make a distinction as to your impression at the present time, and what your impression was when you voted for the particular motion referred to in the question by Captain Miles? Yes.
3283. When at the Board meeting you heard the telegram, "Interpretation clause most suitable,"—when you heard that read you thought that Mr. Bell was in possession of the facts as they were at the time? Yes.
3284. Were you present at the opening of the tenders? I was.
3285. Were they opened in the presence of the whole of the Wardens? Yes.
3286. Were they all in sealed envelopes? I could not say that they were: the Master Warden would be the best able to answer that; he opened them.
3287. Was it your impression that all the tenders were *bonâ fide*? I had no reason to doubt it. You mean the first tenders?
3288. Yes, the first tenders? I had no definite opinion about it.
3289. Did you know anything about the way in which the deposits were put up? Nothing.
3290. Was the Board aware that Captain Miles put up the deposit for one of the firms,—that of Stocks & Co.? Stocks & Co.?—No. The Board knew nothing of Captain Miles having any connection with Stocks & Co.
3291. I ask, did the Board know that Captain Miles put up £200 deposit for Stocks & Co.? Certainly not, to the best of my belief.
3292. I suppose the Board was not aware that the deposits on two of the tenders were returned, in the one case to Captain Miles, and in the other case through him? To Captain Miles—through him?—no. All this is new to me.

3293. Would you have regarded it as a most suspicious fact if you had known that at the time? Most certainly.

3294. Do you, as a Warden, think if the Secretary was aware of it, that he did his duty in not acquainting the Board with the fact? If he was aware of the fact he should have informed the Board.

3295. Were you, as a resident of Strahan, and connected with the Wardenship of the Marine Board, aware of the rumours connecting Captain Miles, or what was the same, connecting the firm of Reynolds and Co., with the contract? I can't locate where the rumour came from, but I remember I was told that the Master Warden's son was in some way in with Derbidge and Co.

3296. Was that prior to the opening of the first tenders? Not prior—not to my knowledge,—that was after.

3297. You did not hear that before the first tenders were opened? No.

3298. *By Mr. Mackenzie.*—You were present at the meeting when the tenders were opened—did one come in late? Yes; one came in after the time. It was accepted.

3299. Do you know whose tender that was? To the best of my belief it was Duffy's.

3300. I referred, first of all, to the first tenders? I thought you spoke of the second.

3301. You are aware that Mr. Napier Bell approved of the amended conditions, and wired to that effect? Of the interpretation clauses, yes.

3302. And, subsequently, he cancelled that approval, as it were, and said he did not approve of them? He never said he did not approve of them; he objected to them being added after the tenders were called. They should have been added at the time, before the tenders were opened. He objected to them after the tenders were opened.

3303. *By Mr. Davies.*—You have said that you were unaware that Captain Miles had put up the deposits for Derbidge and Co. and Stocks and Co. Were you aware who put up the deposits of any of the tenderers? No.

3304. Is it customary for Wardens to go and ascertain or to find out by whom cheques are sent when a deposit is required? It is not customary with us.

3305. In your experience have you ever known a case where deposits are taken, where any one goes and looks to see who sent the cheques? No, not in my experience; that is generally left to the responsible officer, who signs on the corner of the tender that the cheque for the amount of the deposit has been received. They take the chairman's statement that all is correct. The deposit is then initialled by him as correct. That is a sufficient guarantee to the Board.

3306. *By the Chairman.*—How were these deposits made; were they attached to the tenders and contained in envelopes which were opened by the Board? To the best of my belief they were. I did not examine the deposits, but they were supposed to be attached; generally a marked cheque.

3307. Attached to the tender and enclosed in a sealed envelope? Yes, exactly.

3308. You were present when the first tenders were opened—Do you remember whether Leslie Miles was present? I can't say distinctly.

3309. Did you know at that time that he was a partner with Derbidge and Co.? I did not.

3310. Did you get all the correspondence that passed between the Master Warden and others relative to the Strahan Marine Board business laid before the Board from time to time? To the best of my belief it was not always laid before the Board.

3311. What makes you think that? Because at one meeting we had to call for correspondence, and it was not forthcoming until some time afterwards.

3312. You got it all afterwards? Well, we did. You refer to the correspondence between the Master Warden and Mr. Napier Bell.

3313. You say you called for correspondence, and it was not forthcoming for some time, that is, afterwards? That was afterwards; yes.

3314. Were complaints made by any members of the Board that correspondence was not forthcoming? Yes. I believe Warden Sligo made complaints.

3315. *By Captain Miles.*—Will you tell the Committee, Mr. Henry, how the tenders were opened and where the members met at the Board table. The table is as large as the one in this room, is it not? Yes; it is a little longer.

3316. The Master Warden sat at the head of the table, the Secretary next to him. [Captain Miles described the position of the members.] The tenders were all opened by the Secretary, and the other members saw them? Yes.

3317. Do you remember what became of the deposits as the tenders were opened? I do not.

3318. You do not know that, as the tenders were opened, the deposits were passed over to the Secretary? I did not observe it. It is probable that was done.

3319. Do you know that the Secretary was the custodian of the deposits, and that they were kept in the safe under his charge? Yes.

3320. He received them? That was his duty.

3321. And, so far as you know, that was done? Yes.

3322. All the business in regard to the deposits was done by the Secretary? Yes.

3323. *By Mr. Mulcahy.*—Although you did not make any inquiry as to the deposits that day, would you not have regarded it as a proper thing for any Warden to do, to see that they were put up all right? It was quite within his province.

3324. It would not be going outside his duty at all? I should think not.

Witness withdrew.

EDWARD THOMAS MILES, *recalled and further examined.*

3325. *By the Chairman*—You wish to give some evidence, Captain Miles? Yes. I want to give evidence as to what took place between Mr. Hungerford and myself at Strahan, two days previous—it might be two or three days previous—to the tenders being opened the last time.

3326. The second tenders? Yes. I arrived from the Deep Lead by the morning train on Friday morning. That would be the Friday morning prior to the Monday on which the tenders were opened. I was met on the platform by Percy Evans, who said Mr. Hungerford wanted to see me, but he had not arrived, and I walked across towards the Marine Board office and met Hungerford almost in front of the office. After saying, "Good morning," the first question he asked was, "Will your son come into this contract with me?" I was a little astonished at the question, but I replied, "I don't think he will tender at all; there he is; he is of age, go and ask him. I don't think he wishes to." At that time the boy was going into the bank. These were all the words that passed between Hungerford and myself. I have never spoken to him since, except in the Boardroom, at the meeting, when I asked him if he would accept the tender on the old conditions. I have never spoken to him, never seen him, in fact, till I saw him in this room. The statement that Hungerford asked me if I would come into the contract with him is absolutely untrue. No such words were used. That is all I have to say on that particular subject. I now come along to another one, a matter in connection with Warden Morrisby's resignation. The telegrams are now with the Committee; several telegrams passed, and finally the resignation was withdrawn. Why I sent for those telegrams was because Warden Morrisby asked me to regard one of them as private, and not put it before the Board. It was a personal telegram, and I did not put it before the Board, the cause being his request that I should so treat it. This was a few days, perhaps a week after the election,—perhaps three or four days after the election of Master Warden. I also want to refer to the conversation behind the bar of the House of Assembly, between Warden Morrisby and myself, as to the Master Wardenship. One evening, I don't remember the date, some time prior to the first statement being made in the House, I should say probably a fortnight before, when going out of the Chamber, Mr. Morrisby was seated in a chair behind the bar. He asked me what was being done about the Master Wardenship, and whether I intended to resign. I said, "Yes." He then said, "Who will be appointed in your place?" I said, "Johnson, I believe." He said, "What chances have I of getting the chair?" I said, "None at all; you have not got a possible," and I went on. There was also a conversation about the Master Wardenship in a cab, coming from Government House to the steamer, after the Parliamentary dinner. I also want to know if it is the intention of the Committee to publish the correspondence between Mr. Barrowman and Mr. Bell. I have a letter here which I don't want to put in if it has already been put in by Mr. Barrowman. It is the letter of June 2nd, from Mr. Barrowman to Mr. Bell. It is a letter which was regarded as a private letter; but it was read to the Committee—the letter of 26th May; the Committee will remember I took exception to that. This is Barrowman's reply to Bell, and the reply to that letter, and he deals with the question of plant and the sizes of stone; they deal also with the question of Hungerford's tender. I refer only to the telegram to point out there were friendly relations between Warden Morrisby and myself, when he wanted me to treat that telegram as a private one, within a week of the election. The other letter of June 2nd is a reply to the letter of May 26th.

3327. *By Mr. Mulcahy*.—There was a letter referred to in the letter from yourself to Mr. Napier Bell, dated 27th May? Yes, it was an extract from my letter.

3328. You say that Sam's letter will show something? Yes, the extract was, "You will see by Sam's letter that he offered £1000 to Hungerford to withdraw, or he was willing to take £1000 and withdraw himself."

3329. From whom was that letter? From Derbidge.

3330. To whom? To my son.

3331. Not to yourself? No.

3332. Have you any objection to hand it in? I destroyed it.

3333. I want to refer again, Captain Miles, to the letter or extract, which you destroyed, from Derbidge. That extract which you destroyed was here in the Committee Room yesterday, was it not? Yes. Mr. Bell gave it to me yesterday.

3334. And you destroyed it since then? When I went down with Mr. Bell, he gave it me, and said, "There's a private letter: you had better destroy it." I said, "Yes; it has no reference to anybody."

3335. Now, referring to your letter, Captain Miles, to the Marine Board, of May 25th. I will quote from that letter:—"When Mr. Bell cabled us a fortnight ago that, in the event of Hungerford not signing the contract, 'accept Derbidge's tender, provided Derbidge manages it,' I immediately cabled to the senior partner of Derbidge and Co., in New Zealand, and got a reply, that he would take charge himself": did you ever get that reply? No. I told you before that I gave my cable to Derbidge to my son, and he assured me he had sent it, but he did not send it.

3336. That refers to one cable only. You go on to say, "and later on, when Hungerford declined to accept, I sent on to New Zealand a copy of the contract, and asked Derbidge to cable me, on receipt, whether he would sign it if his tender was accepted, and his reply is, 'Will accept amended conditions, and carry out to Bell's satisfaction,'" you used these words as if quoting from a telegram received by yourself? I used these words as I believed them,—as from a telegram which my son said he had received. I got that information from my son. He deceived me.

3337. But it is in inverted commas as a quotation? Oh, that is nothing; I do not think anything of that.

3338. I do, Captain Miles, and I want you to answer the question? I can only answer as I have done before.

3339. Then, you did not receive that telegram either? My son told me he had received it.

3340. But this refers to another cablegram altogether? I stated, all through, that my son had deceived me in the matter. It is painful to me. It is a little—well, rather unkind—to press me on that point in this way. I have already stated all I know about it, and I had to stand in this room and hear my son admit that he had deceived me in the matter: I was full up.

3341. I want yours only, not your son's statement? I said before that I should have stated I had been informed by my son about the cable, instead of giving it as direct.

3342. I want to know, Captain Miles, whether, when you wrote that letter to the Marine Board at Strahan, you wished them to believe that you had received two telegrams? When I wrote that letter, I believed that the telegram had been sent and an answer received.

3343. You refer only to one? I speak of two there.

3344. You have since told us there was one cablegram only; you told us there was one? I spoke of two cables, but I was so full up at the time that I hardly knew what I was saying. Let me see my evidence. I really can give you no further answer than I have given.

3345. You make a statement, by way of explanation, on Wednesday, September 13th?

2441. Then, why did you state to the men standing outside the Board meeting that he could not carry out the contract at the price? Because I considered that the tender was quite £10,000 below the value of the work, or more.

3346. Your son's evidence is distinctly in regard to one cable and no more? Yes; and you asked me afterwards about the other.

[Captain Miles referred to the evidence, and read from a question put by the Acting Chairman, Mr. Mulcahy.]

2475. And you want us to believe that your son had deceived you about the others also? There was only one cable, and I was informed that it was sent, and that a telegram came back. I believed my son, and took it for granted that the cable had been sent; I believed him when he said so.

Mr. Mulcahy: That referred to another part of the same letter.

Captain Miles: I will not have my words distorted, Mr. Mulcahy. This is my statement, not yours.

The Chairman: You must not say that, Captain Miles.

3347. *By Mr. Mulcahy.*—You made two statements, Captain Miles, and I want to know which is correct? It is a mere play upon words. You distinctly asked me the question if there were two cables, and I said, "Yes."

3348. I ask you now if there was one cable only to your son? Yes. I gave him that cable to send, when he stated he got two replies. I gave him one cable, and when I asked him about a reply, he said he had got a reply.

3349. Then take your own examination of your own son?

2727. *By Captain Miles.*—The question has been asked—about the cable to New Zealand to Derbidge about coming up: I would like you to tell the Committee what happened then? You mean the cable you gave me at Bellerive?

2728. Yes? As far as I can remember, you were sitting writing, and I was reading and smoking, and you asked me, if Derbidge's tender was accepted, whether Derbidge would come and manage; and you said you thought you had better send this wire, and wrote it out, and gave it to me. I took it over to town, but I did not send it, because I thought it was unnecessary. I believe, some time after, you said it was funny you never had a reply, and I said, "Oh, I have a reply—he is coming."

3350. And what was the reply? I gave the reply, "He is coming."

3351. You go on to say, "You led me to believe you had a reply" [see question 2729]? Yes. and if you had been as full up as I was then, you would not have asked any more questions, either.

3352. Now, referring to this question of the fictitious telegram, which you never saw and never read, but from which you quote? You can put it fictitious or not, as you like; it is the telegram I gave my son to send, and I believed he had sent it. I did not ask him to pull the reply to that telegram out of his pocket and let me see it. I believed him.

3353. In putting that quotation in inverted commas anyone would think you were reading that telegram from words at the time you wrote? Oh, I can't say why I used inverted commas.

3354. Why did you underline particular parts? I can't say why I underlined it.

3355. Is that your answer? I can't say why I underlined it.

3356. Do you use inverted commas promiscuously? Yes, I do, I suppose.

3357. Not as indicating a quotation? No; I use them generally when I write to draw special attention to a particular passage. I don't use them for a quotation. I do not know; that is what they are specially used for.

3358. Now, I come to another part of your evidence—that taken on 13th September. You say you put up the deposit for Stocks & Co. at the request of Mr. Stocks, and that the request was made in a letter—when did you receive that letter? Oh, I think probably about two or three days, or a day or two before the Board meeting.

3359. Where did you receive that letter? At Strahan.

3360. How would the mail come to Strahan by which you would receive that letter? That I can't tell you.

3361. But you are well acquainted with the mails and the running of the boats? Do you suppose I can carry my mind back to last April, and tell you how the mails and boats were coming and going,—can you say how the boats sailed?—I can't tell you.

3362. Do you know you went in the *Mahinapua* to Strahan on the Wednesday before opening the tenders? I don't know that I did.

3363. Well, your name is in the passenger list? My name is in the list nearly every week for months—that is nothing.

3364. You will find it in the list published in the *Mercury* at that time? Quite likely; for the last two months you will see my name every week there.

3365. On the day before the tenders were received your name appears in the passenger list of the *Mahinapua*, and shows that you were on board? I book my passage sometimes a day or two before, and then don't go, but my name appears.

3366. Would the *Mahinapua* take a mail? I suppose she would; they all take mails.

3367. That mail would probably be that which brought you the letter from Mr. Stocks? I can't tell you until I get the opportunity of seeing whether I went by that boat or not.

3368. What I want to get out is when and where you received that letter—It came to you with Stocks and Co.'s tender, did it not? Yes, it came with the tender.

3369. It was not enclosed inside the tender? No, certainly not.

3370. You say it was a sealed letter in the same envelope—is that correct? Yes, that is correct. The tender was in a sealed envelope; it, and the letter in a sealed envelope, was in another envelope.

3371. Was the letter from Stocks himself? Yes.

3372. Did you know the handwriting? Yes.

3373. Did you notice the date of the tender when you opened it? No, I did not.

3374. Did you notice the handwriting of the tender? No, I did not.

3375. Did you know it was your own daughter's handwriting? No; I have learned all this since.

3376. How old is your daughter? About nineteen, I think.

3377. And you did not know it was in your daughter's handwriting? No, I did not.

3378. When you opened the letter and read it? Yes; but would any man living suppose it was his daughter's handwriting when it came from Sydney.

3379. But you received the tender? Yes.

3380. You had that in your possession two or three days, and you knew you had received a letter asking you to put up the deposit? Yes.

3381. And you received that, and opened it on the 17th April? Yes.

3382. It had been in your possession two or three days? Yes.

3383. And you did not notice that it was dated April 13th, and that it was in your daughter's handwriting? I did not notice, and I don't know it now.

3384. You did not notice the extraordinary fact that it was dated Sydney, 13th April, and that it would be an impossibility for it to reach you? It was dated Sydney, 13th April, but I never noticed at the time when it was dated nor where it was dated from.

3385. It says, "Witness our hand the 13th day of April, 1899. Stocks and Co. Sydney." ? Yes, that is right.

3386. And you received with that tender a letter from Mr. Stocks himself? Yes.

3387. Did you notice that the handwriting was different? I did not notice. We all sat at the table, and the tenders were all opened and passed round immediately to let us see so much as we wanted to know. I did not notice the handwriting. I would not now swear it was my daughter's handwriting. Possibly, if someone had said, "This tender came in from your daughter—it is like her writing"—I would have said, "It is like her writing," but even at this moment I would not swear it is not my daughter's handwriting, I think it is like hers, but I see very little of my daughter's handwriting, unfortunately.

3388. I presume it was your duty to see that the tenders were in proper order, and that the signatures were all right? Yes.

3389. You saw the tenders, you saw the signatures, and you were asked by Stocks in a letter to put up £200 as a deposit for him, and you did not notice that the signatures were not the same? I did not notice it, and I would guarantee that you would not have noticed it. We were all excited about the price; it was the price we were considering. After being opened the tenders were all handed over to the Secretary, and he examined everything in connection with it.

3390. *By Mr. Aikenhead.*—Did the tender and letter come from Sydney? Yes; the letter I got came from Sydney.

[*Mr. Morrisby* asked permission to make a statement.—I wish to say that no such conversation took place between Captain Miles and myself as relates to his supporting me for the Master Wardenship. I never asked any man to support me in an election either as chairman of the Marine Board or anything else. Previously to this I had seen Mr. Driffield, and he had discussed the Master Wardenship with me, and asked me if I thought I would, if elected, be able to attend to the duties, and he expressed a doubt as to whether either Mr. Gaffney or myself,

seeing we had our Parliamentary duties, could attend to it. After that, I decided not to be a candidate. Under these circumstances it would be impossible for me to have asked Captain Miles to support me, even if so inclined. I can only say, no such conversation took place behind the Bar of the House.]

The Committee adjourned until 2.30.

AFTERNOON SITTING.

C. NAPIER BELL, *recalled and further examined.*

3391. *By Captain Miles, to the Committee.*—In reading over the report of Mr. Bell's evidence, I see that the Chairman asks the following question in reference to a part of a letter attached to or sent to Mr. Bell, and the question that was asked is, "Do you remember if that letter was addressed by Mr. Derbidge to Captain Miles himself," and Mr. Bell's reply was, "Oh yes; it was addressed to him, and not to me." [To Mr. Bell]:—Can you remember what address was on the letter, or whether it had any address at all? It was addressed to him and not to me.

3392. What am I to understand by that,—Can you say what address was on the letter,—It was a letter from Mr. Derbidge to whom? To Captain Miles.

3393. Was my name mentioned in it? I really cannot say now whether it was or not; but I never doubted till this moment that it was not to Captain Miles.

3394. Do you remember how it commenced? No; all I remember is Mr. Derbidge described negotiations, which somebody from Hungerford was endeavouring to carry on with him, Derbidge.

3395. That was the purport of the letter? Yes.

3396. Was the commencement or end of the letter there? The end was not. It was cut off. The beginning was there.

3397. Do you remember if it commenced "Dear Miles"? I am not certain. The only thing certain about it is the impression left on my mind till now that it was addressed to Captain Miles.

3398. Would it be a letter that could have been addressed to my son, also Miles, from Derbidge to a partner in the job? Oh, that is quite possible, of course, the two names being the same.

3399. You have no means of actually ascertaining whether it was Miles, senior, or Miles, junior, except that the letter coming from me to you would leave the impression in your mind that it came direct from Derbidge to me? Well, I could have no means of knowing that, seeing that I did not know at the time that Miles, junior, was a partner. I do not think I knew at the time, because some time elapsed before I became aware that Miles, junior, was a partner in this tender.

3400. Can you then say positively whether that letter was addressed to Miles, senior, or Miles, junior? No, I cannot.

3401. *By Mr. Mulcahy.*—Did you advise Captain Miles to destroy that letter? No, certainly not.

3402. Did Captain Miles ask your advice as to destroying that letter? Yes, he did.

3403. And what did you advise him? I said the letter was of no consequence.

3404. *By Mr. Aikenhead.*—When was this? On Monday last.

3405. And where did this happen? In the corridors of this building.

3406. Will you state the circumstance? As far as I remember, Captain Miles observed to me (taking the pin off the scrap of paper), that this was of no consequence. I said no, it was of no consequence.

3407. *By Mr. Propsting.*—Did you hand it to him then? No, he had it from the beginning. I gave it to him here.

3408. Was Derbidge's letter attached when you produced the other letter? The one was pinned to the other, and had been so for two months or more in my possession.

3409. *By Captain Miles.*—We went downstairs, Mr. Bell, while the Committee was deliberating, and went into the smoking-room to have a smoke—is that not so? Yes.

3410. In the smoking-room, showing you the piece of letter, I believe I said, "This has no bearing on the case," and did you not reply, "It is of no consequence; throw it into the fire," or words to that effect; and did I not then tear it up and throw it in the grate? I did say it was of no consequence, and probably I said all that is here mentioned; I do not remember quite.

3411. *By Mr. Mulcahy.*—How did you know that that letter was of no consequence to this inquiry? I only assumed that, as it dealt with endeavours by other persons to influence Derbidge, it was not material.

3412. *By Mr. Aikenhead.*—Was the substance of the contents of that scrap of paper embodied in Captain Miles's letter to you? No; the contents were referred to in the letter to me.

CAPTAIN MILES, *recalled and further examined.*

3413. *By Mr. Mulcahy.*—Had you, immediately prior to the 17th April, the date on which tenders were received, any correspondence with Stocks? I had a letter from Stocks just immediately before, in which the tender was enclosed. I had written Stocks some time previously, I do not know how long, about the purchase of a steamer.

3414. Did your letter entail a telegraphic reply? Yes; I asked him to wire.

3415. What did you ask him to wire about? Whether he would examine the steamer.

3416. The telegram now before the Committee is the reply to that letter? Yes.

3417. That telegram refers to a following letter—Did you get one? No; I never got one.

3418. Have you a copy of the letter you wrote Stocks *re* steamer? No.

3419. As a business man, do you copy your letters generally? When I am in my office, and can copy them, I do so; when I am travelling about all over the country, I have no opportunity of copying them, unless I write them out, and, consequently, very many important letters have not been copied. I have no copies.

3420. *By Mr. Propsting.*—Can you explain to the Committee why no letter followed Stocks' telegram? Yes; I think I can. My letter to Stocks was about the examination of a steamer for my son for the Strahan trade. I believe my son was in communication with Stocks on the same subject, notifying him that he no longer was looking for a steamer. I believe he got the reply on the subject, instead of troubling me with it.

3421. *By Mr. Mulcahy.*—Your son has a steamer at Macquarie: what is her name? The *Kathleen*.

3422. When was she purchased? Some time in April.

3423. Was that steamer in Strahan Harbour when the tenders were opened? I do not think she was; I will not be certain.

Witness withdrew.

ERRATA.

Question 113. Strike out, "It was the exact cause of it," and insert, "That was the reason why I formed an intention of resigning."

Question 2658. Add to answer—"They were both good men."

Question 2690. The question will read,—“Have you had any letters from Derbidge and Co. of any sort? Yes, I have had lots of letters.”

The question quoted in Question 3345 should be "2438" instead of "2441."

Question 2450. The answer to question should read, "I can see what you are driving at."

Page 143, before "Afternoon Sitting," insert "Thursday, 28th September, 1899."

Question 3399. Memo. dated 28th September, 1899, from Mr. C. Napier Bell to the Chairman of the Select Committee:—"Be good enough to observe that certain of my evidence given you to-day is in error, that is, that part where I say that 'I thought I did not know that Miles, junior, was of the firm with Derbidge at the time I received Captain Miles's letter, dated 27th May, 1899.' On looking again at the letter, I see that I was wrong, because the letter itself says that young Miles, S. Derbidge, and C. Derbidge were the tenderers in question. Would you, therefore, kindly expunge that erroneous evidence?"

APPENDICES.

NOTE.—The telegrams numbered 37, 84, 89, 91, and 93, signed “E. T. Miles, Master Warden,” and sent to him as Minister of Lands and Works, were sent by the Secretary of the Marine Board to Captain Miles, then in Hobart, and were sent in this form to give the Board the benefit of forwarding their telegrams free.

The telegram numbered 163 was sent by the Board, and signed “Edward T. Miles,” who was at the time in Hobart.

(1.)

TELEGRAM to SIR E. BRADDON, Leith.

Advisable give Hall and Hales *ex officio* Government nominees Strahan Marine Board a hint to support my candidature as Master Warden against Gaffney who is avowed Government opponent election noon to-morrow Reply.

ED. T. MILES.

Strahan, 20th December, 1898.

(2.)

TELEGRAM to ED. T. MILES, Esq., Strahan.

I cannot say anything to influence the votes of Government nominees.

E. BRADDON.

20 December, 1898.

(3.)

[Copy.]

TELEGRAM to — HALL, Esq., Police Magistrate, Zeehan.

Confidential Hope Captain Miles will be appointed Master Warden because of the invaluable Marine Board experience that he will bring to management of the highly important trust in which Government and the people are alike interested.

E. BRADDON.

20 December, 1898.

(4.)

[Copy.]

TELEGRAM to — HALES, Esq.,

Res. Engineer, Tas. Govt. Railways, Strahan.

Confidential Hope Captain Miles will be appointed Master Warden because of the invaluable Marine Board experience that he will bring to management of the highly important trust in which Government and the people are alike interested.

E. BRADDON.

20 December, 1898.

(5.)

[Copy.]

TELEGRAM to CAPTAIN E. T. MILES, Strahan.

Confidential I have just wired to Hall and Hales as follows Hope Captain Miles will be appointed Master Warden because of the invaluable Marine Board experience that he will bring to management of the highly important trust in which Government and the people are alike interested.

E. BRADDON.

20 December, 1898.

(6.)

[Copy.]

TELEGRAM to SIR E. BRADDON, Leith Rail.

Have done all I can believe your wish will be granted,

W. P. HALES,

(7.)

Urgent]

[Copy.]

TELEGRAM to Hon. D. C. URQUHART, Hobart.

Have sent following wire Premier Government nominees Strahan Marine Board received official instructions vote for Miles Master Warden consider this unfair attempt Government influence election election to-day.

J. J. GAFFNEY.

21 December, 1898.

(8.)

TELEGRAM to J. J. GAFFNEY, Strahan, W.

I am no party to any instructions as to how Members of Board shall vote and am not aware that any such were given.

D. C. URQUHART.

21 December, 1898.

(9.)

TELEGRAM to WARDEN MORRISBY, Zeehan.

I have wired Treasurer this morning, withdrawal of your resignation as a member of the Strahan Marine Board Will also wire you his reply

EDWARD T. MILES, Master Warden.

Strahan, Dec. 31, 1898.

(10.)

TELEGRAM to E. T. MILES, Esq., Master Warden, Strahan Marine Board.

Have received wires from Premier and Attorney-General asking me to withdraw resignation. Please wire them my action. Petition being taken round here for signature at instance of John Smith firm and others for Sligo and my resignation Will let the public decide

A. MORRISBY, Zeehan.

Zeehan, Dec. 31, 1898.

(11.)

Private.]

[Copy.]

Hobart, January 3rd, 1899.

DEAR SIR,

THE delay in reply to yours is consequent upon my travelling about so much, and only getting your letter on my return to Hobart on Sunday last.

I did not promise to "give half the Master Warden's salary to Morrisby if he would support me, and retire from the contest"; but I did say, *I don't want the salary, don't know that I shall take it, if I do it will be to give away, and you can have half of it if you want the money*; but this was said *after* we had agreed to what we would do, and so could in no way influence either of us in our votes.

To prevent Gaffney getting the chair, (which we regarded as a misfortune) we had agreed that Hall, Hales, and Sligo should decide which of the two (Morrisby or Miles) they would vote for. If they decided to vote for Morrisby I would vote for him and put him in; if for Miles, then Morrisby was to vote for me and put me in. This point was settled, hence there could be no question of offering Morrisby a bribe to retire from the contest; but on the contrary, we had some very strong words, Morrisby alleging that *I ran Urquhart against him for Montagu, and ruined him by pressing him for payment of overdue bills*.

He voted for me, not because of any love he had for me, but because he was annoyed at Gaffney's party throwing him over, and resented it. I believe the result will be beneficial to the Board, and to the West Coast. Please treat this as confidential.

Yours faithfully,

(Signed) EDWARD T. MILES.

J. C. WHITELAW, Esq., Zeehan.

(12.)

Burnie, 16th August, 1899.

MY DEAR MORRISBY,

I received, on my arrival here yesterday evening, the following wire:—"Can you write me an account of the conversation as you heard it on platform? It will be of great assistance, and you are aware of the importance to me. Post to Council, Hobart, where I am going to-morrow."

You know I am only too willing to assist in removing any false cloud that may have risen over your action in the Miles-Morrisby affair.

There certainly seems to me to have been a false impression created in some quarters as to your part in the matter; in fact, one of your supporters at Zeehan actually told me that he read the report to mean that you had been "willing" to accept half the salary. I think Captain Miles's statement in the House scarcely went far enough, and that he should have made it clear to Members that you promptly resented his offer of "half salary."

iii

That you did promptly resent it, I know positively, because I heard your reply, made in sharp tones ; of course I cannot remember exactly the conversation, because I did not attach a great deal of importance to it at the time. Men often say things impulsively, and I looked upon the remarks *re* half salary as an impulsive utterance. To the best of my belief, so far as memory serves, you had been conversing with Captain Miles over the Master Warden election. I know positively I heard you say, "I have no reason to vote for you, Captain Miles, if I studied my personal inclinations, for you went out of your way to do me a bad turn." Then he asked what was the bad turn, and I moved a few yards away, thinking it may be a private matter, but I could not help overhearing the reference to the salary. So far as I can remember Captain Miles said the salary was of no consideration to him and you could have half of it, and you replied angrily that you refused to discuss the matter further.

I am sure when the whole business is explained that there cannot possibly be any blame in the slightest degree cast upon you. It is an unfortunate affair, and very likely some people will make more of it, for political reasons, than it really deserves. You are at liberty to do what you please with these notes, as I am only anxious that the matter should be cleared up, and I have just recounted what I can remember of it. As I informed you at Zeehan, I would not have attached any importance to the remark about the salary if the Master Warden had not shown later on such a strong desire to cling to that office after he should have resigned, on his Ministerial appointment.

Trusting the explanation in the House will clear it all up.

I remain,

Yours faithfully,

Mr. A. MORRISBY.

D. J. O'KEEFE.

(13.)

STRAHAN MARINE BOARD.

Extract from Original Specification.

ALL stone put into the work shall be weighed on a weighbridge and the Contractor shall be paid on the certificate of the Engineer at the Contract rates for each class of stone used and put into the work as hereinafter specified. FIRST CLASS stone shall weigh from ten to twenty tons each; SECOND CLASS from three to ten tons; THIRD CLASS shall be from five cwt. to three tons; and FOURTH CLASS from one cwt. to five cwt. each. The quantities of stone of each class placed in the work shall be ascertained by weighing on a weighbridge which will be provided by the Board and fixed at a convenient spot on the quarry line. The stones are to be quarried, placed in the trucks, and taken to the works after being weighed by an officer of the Board; and the Contractor shall place the stones of each class in such positions and places as the Inspector of Works shall direct, and in no other. Only one class of stone is to be placed on the truck at the same time, so that there may be no confusion in weighing. The class to which each load of stone shall belong shall be determined by dividing the net weight of each load by the number of stones in that load, provided that there are no stones in the load which obviously belong to a lower class than that which the average load would give. In such a case the Inspector of Works may either place the smaller stones in the lower class to which they properly belong, or in case of repetitions of small stone being included in loads intended to come under a superior class, the whole load may be placed in the lower class and paid for accordingly. In case of stones being brought to the work which do not come up to the fourth class, they shall be rejected, and must be disposed of as spoil. Should the Contractor wilfully place stone smaller than of the fourth class in the work after being warned in writing not to do so, it shall be taken as a breach of Contract, for which the Board shall be entitled to either cancel the Contract or to call upon the Contractor at his own cost to strengthen the defective work in such manner as the Engineer or Inspector shall consider necessary. Stones shall be sound and of good quality, and any arriving at the weighbridge in a cracked or broken condition, or likely to break up in tipping, shall be classed at the discretion of the Inspector of Works.

C. NAPIER BELL.

(14.)

STRAHAN MARINE BOARD.

West Breakwater Contract.

TENDERERS will be required to state a price per ton for each class of Rubble Stone in the proportions shown in the Schedule attached hereto; also a price for Staging Piles at per foot lineal, Timber at per 100 ft. super., and Iron at per lb. The total of the whole Rubble Stone and Staging will be the amount of the Tender.

SCHEDULE :

Rubble Stone, 1st Class	53,572 tons	Quantities :
" 2nd Class	...	...	65,761 "
" 3rd Class	...	...	80,604 "
" 4th Class	...	...	44,063 "
Staging Piles	6327 lineal feet	Approximate only.
Timber	...	...	93,610 super. feet
Iron	...	...	89,170 lbs.

NOTE.—This Schedule is not to be taken as correct, because the actual quantities may turn out very different, and no one can tell the exact quantities in a contract of this nature, but it serves to test the prices in the different Tenders, so as to see which is the lowest one.

(NOTE.—This was printed and made available for tenderers about a week prior to the 17th April.)

MARINE BOARD OF STRAHAN.

April, 28, 1889.

ABSTRACT of Conditions regulating the progress of the work in the construction of the West Breakwater, at Macquarie Heads, according to the spirit of the specifications :—

The rate of progress which it is reasonable to expect from the contractor is as follows :—

The period of 28 months during which the contractor engages to construct the wall divided into three periods of 6 months each, and 1 of 10 months.

During the first six months, 18,000 tons of stone shall be put in, with not less than two cranes.

During the second six months, 52,000 tons of stone shall be put in, with not less than six cranes.

During the third six months, 60,000 tons of stone shall be put in, with not less than seven cranes.

During the fourth period of ten months, 124,000 tons of stone shall be put in, with not less than eight cranes.

As weather permits, the first 40 chains of wall shall be made of third and fourth class stone, protected on the sides with second class stone, as specified in the eighth clause of the specifications, and the first class stone won in this portion of the work shall be stacked and held in readiness to be used, if found necessary, according to the opinion of the Engineer or Inspector, for which variation of work the contractor shall receive notice in writing, and in no case will the use of higher class stone than that so authorised be allowed or paid for ; but, provided the quarries produce a better class of stone than is provided in the specifications, the contractor may, with the consent of the Engineer or Inspector, use stone of greater weight than that specified. Stone so used shall be paid for at the rate of the class in which it is used.

The interpretation of the fourth clause of the specifications as defining the weights of the various classes of stone, viz.—

First class stone, being from 10 to 20 tons weight each, shall mean the average of that class shall be not less than 15 tons each.

Second class stone, being from 3 to 10 tons each, shall mean that the average weight of that class shall be not less than six and a half tons each.

Third class stone, being from 5 cwt. to 3 tons each, shall mean that the average weight of stones of that class shall be not less than one ton 12 cwt. each.

Fourth class stone, being from 1 cwt. to 5 cwt. each, shall mean an average weight for stones of that class of 3 cwt. each.

The weight of stone shall be determined by dividing the total weight of the stone in a truck by the number of stones contained.

The interpretation of the 4th clause of the specification as defining the weights of the various classes of stone, viz.—First-class stone being from ten to twenty tons weight each, shall mean the average weight of stones of that class, shall be not less than fifteen tons each.

Second-class stone being from 3 to 10 tons each, shall mean that the average weight of that class shall be not less than six and a half tons each.

Third-class stone being from 5 cwt. to 3 tons each, shall mean that the average weight of stones of that class shall be not less than 1 ton 12 cwt. each.

Fourth-class stone being from 1 cwt. to 5 cwt. each, shall mean an average weight for stones of that class of 3 cwt. each.

The Engineer may, when and so often as in his absolute discretion he deem it necessary, call upon and require the contractors to supply, and the contractors shall forthwith supply stones in any of the four classes, of such weight (not exceeding the maximum weight in such class), as will adjust the weights of the stones of any particular class already supplied to the average above specified for that class.

(NOTE.—These are referred to in the evidence as the Interpretation Clauses.)

Extract from Minutes of the Strahan Marine Board of 17th April, 1889.

TWELVE Tenders, as under, in respect of Construction of West Breakwater, at Macquarie, were received :—

	£
Baxter & Sadler	64,990
M. Walsh	61,854
B. P. Ekberg	58,451
Rodger & Waterman	55,185
A. M'Kay	54,247
Palliser & Jones	53,220
Duff Bros.	51,464
Davies & Flight	49,928
M. C. Langtree	45,382
S. Derbidge & Co.	43,963
B. Stocks & Co.	39,790
Hungerford & Sons	33,731

Resolved, That all deposits, except those of the four lowest tenderers, be returned forthwith.

[NOTE.—A telegram was sent by the Master Warden to Mr. Napier Bell, giving him particulars of these tenders, and adding, "Can you meet me Melbourne Thursday if I bring tenders Steamer leaves here to-morrow."]

V

(17.)

TELEGRAM to CHAIRMAN Marine Board, Strahan.

SINCE sending in our tender have received copy of quantities Tender was based on the quantities shown in plans and specifications which disagree with those now given We must consequently increase or withdraw our tender.

Hobart, 17th April, 1899.

B. STOCKS & CO.

(18.)

TELEGRAM to B. STOCKS & Co., c/o Union Steamship Co., Hobart.

Can only consider your tender upon Schedule quantities, which figures out at your Schedule rates £39,730 wire immediate ratification or withdrawal.

MASTER WARDEN.

(19.)

TELEGRAM to EDWARD T. MILES, Master Warden Marine Board.

My tender withdrawn.

B. STOCKS & CO.

Hobart, 17th April, 1899.

(19A.)

TELEGRAM to the SECRETARY, Strahan Marine Board.

Please pay our deposit two hundred Pounds to Captain Miles taking his receipt.

Hobart, April 22, 1899.

B. STOCKS & CO.

(20.)

TELEGRAM to CHAIRMAN, Marine Board.

Have been away only got telegrams to-day Hungerford being lowest gets contract if everything is in order.

C. NAPIER BELL, *Water Sewerage*.

Newcastle, April 20, 1899.

(21.)

TELEGRAM to HUNGERFORD & SONS, Farley, Kensington, Sydney.

BOARD will accept your tender conditionally your executing contract now being prepared by our Solicitors and depositing Twelve hundred and fifty Pounds as security within fourteen days from this date Reply.

EDWARD T. MILES, *Master Warden*.

22nd April, 1899.

(22.)

To CAPTAIN MILES, Master Warden, Marine Board.

Just returned been procuring plant Will contract be signed Hobart, or Strahan

HUNGERFORD & SONS.

Sydney, 24 April, 1899.

[PRIVATE.]

(23.)

Hobart, April 18th, 1899.

Messrs. HUNGERFORD & SONS,

"Farley," Kensington, Sydney.

DEAR SIRs.

Messrs. Stocks & Co. having withdrawn their tender it now leaves us second lowest at £43,963, or £10,230 above your tender of £33,730. We consider our price quite low enough to do the job, and allow any margin for contingencies, and yours, we think, must result in heavy loss. Under these circumstances, if you feel disposed to withdraw your tender we will allow you £250 to cover the expenditure you have already been put to. Having allowed Stocks & Co. to withdraw, the Marine Board cannot fairly object to your doing so. I leave for New Zealand on 28th instant. My postal or telegraphic address up to that time will be "care Union S.S. Co., Hobart."

Yours faithfully,

S. DERBIDGE & CO.

(24.)

To S. DERBIDGE, Union Steamship Office.

Leaving to-morrow for Strahan *via* Hobart Will you wait my arrival

T. W. HUNGERFORD, Kensington.

Sydney, 25 April, 1899.

(25.)

TELEGRAM to T. W. HUNGERFORD, Farley.

Must leave for New Zealand Friday unless business certain wire definite offer will reply yes or no.

S. DERBRIDGE & Co.
4.20.

Hobart, April 25, 1899.

(26.)

TELEGRAM to S. DERBRIDGE, Union Steamship Company, Hobart.

Have proposal to submit not advisable cable be Hobart Saturday if you are leaving and if so disposed get a partner or some one to act with full power attorney to deal with all matters.

Sydney, April 26th.

HUNGERFORD, Farley, Kensington.

(27.)

TELEGRAM to S. DERBRIDGE, Union S.S. Co.

Be Hobart Saturday night's train from Launceston, staying Metropolitan Hotel.

Melbourne, April 27.

HUNGERFORD.

(28.)

TELEGRAM to T. W. HUNGERFORD, Federal Coffee Palace, Randwick.

Leaving Friday Junior partner will meet you on arrival with full power to act.

27 April, 1899.

DERBRIDGE & CO., Hobart.

(28A.)

TELEGRAM to C. NAPIER BELL, Newcastle.

Contract will be signed in Hobart end next week can you manage come Hobart peruse contract before signing.

April 28, 1899.

EDWARD T. MILES.

(28B.)

TELEGRAM to E. T. MILES, Strahan.

General conditions specifications and plans are the contract anything beyond them let lawyer peruse If think it necessary send Barrowman here with the document.

West Maitland, April 28, 1899.

C. NAPIER BELL.

(29.)

Proposals made by HUNGERFORD to LESLIE MILES.

Give £1500 for Derbidge and Co. Contract acceptance at *One Month* Contract to be transferred by *Deed*.

Go half in Derbidge Contract to pay equal shares in *Deposit* and all expenses.

Give £1000 and $\frac{1}{4}$ share in Derbidge's Contract.

Will take £1000 and $\frac{1}{4}$ share in Derbidge's Contract.

Any of the above proposals can be dealt with without further reference to my partners.

(30.)

Marine Board of Macquarie, Strahan, May 1st, 1899.

DEAR MR. BELL,

I SHOULD have written you ere this, but the suspense in the closing of the contract has put me off from day to day. Hungerford's price is far too low, and it will be an up-hill job to get the work done properly. One very bad feature of it is the very low price of the 3rd and 4th class stone, with which the first 40 chains of the wall will be made chiefly. He will therefore be a long time working for small returns. And the low price of the 4th of 1s. per ton precludes the use of spoil at any price. My own prices, made up very carefully with a due regard to all the circumstances were—1st, 4s. 6d.; 2nd, 4s.; 3rd, 3s. 6d.; and 4th, 2s. 6d. You will see that these prices are slightly under yours of 6s., 4s. 6d., 3s. 6d., and 2s. respectively. And although your higher price for the larger stone would tend to bribe the contractor to produce and conserve the larger stone, but it tends to cavilling, and my prices afford sufficient inducement.

The Master Warden goes to-morrow to Hobart to meet Hungerford and the Board's solicitor, to conclude agreement on the contract. The draft of agreement has been sent to the lawyer, which is a short summary of your specification and condition defining the progress of the work and the plant necessary during four periods, viz.—the first six months, 18,000 tons of stone to be placed in the wall with not less than two cranes; during the second period of six months 52,000 tons should be put in with not less than six cranes; and during the third period of six months there should be 60,000 tons put in with not less than seven cranes; and the last period of ten months 124,000 tons with not less than eight cranes. There are some other clauses, such as that the stones of a class must average the middle weight between the minimum and the maximum weights of the class.

Yours ever truly,

JOHN BARROWMAN.

vii

(31.)

TELEGRAM to SECRETARY Marine Board, Strahan.

HUNGERFORD takes exception to the Clause providing for averaging the weight of stones in each class and desires an additional 10 days so that he can consult his sons in Sydney before signing. Have given him copy of Clause and consented to the extensions of time. Have also written Bell and sent him a copy of Clause. Please notify Wardens my action.

May 4th, 1899.

EDWARD T. MILES,
Master Warden, S. M. Board.

(32.)

Hobart, 4th May, 1899.

My dear MR. BELL.

HEREWITH I enclose you copy of definitions of the clause of the specification dealing with the different classes of stone. Barrowman drafted it, and it has been touched up by our solicitor; you will at once see its object.

I was informed in Strahan by a reputable man, that Hungerford's point was in this clause—that he intended to supply only the minimum weight in each class, that is 10 tons, 3 tons, 5 cwt., and 1 cwt., charging as an extra anything over these weights, and that the specification would protect him in so doing; this being so I considered it necessary to product the Board by an interpretation clause, which is in no way a variation from, but an amplification of the specification. Hungerford objected to the clause, and wanted time to consult his sons about it (which is all fudge), and I have extended his time to complete the contract in Hobart for ten days from date, that is May 14th, and am sending you on this copy of the point in dispute, which I trust you will agree to. No honest contractor desirous of acting fairly can object to it. I shall be in Strahan, when you receive this, and shall be glad if you will reply by wire whether or not you approve it.

Yours faithfully,

(Signed) EDWARD T. MILES.

(33.)

TELEGRAM to CAPTAIN MILES, Master Warden, Harbourworks.

PERKINS and Dear expect you with necessary documents for signing contract. Please wire when may expect you waiting here sign and make deposit.

May 5, 1899.

HUNGERFORD & SONS.

(33A.)

Cathedral Chambers, Murray-street, Hobart, Tasmania, 10th May, 1899.

DEAR SIR,

Re West Breakwater.

WE enclose herewith draft Contract for the perusal of your Board.

After carefully perusing the specifications and conditions of contract we think that the additional provisions we have inserted for rescission of the contract are absolutely necessary for the full protection of your Board, the clause in the conditions of contract, in our opinion, not being nearly comprehensive enough.

As regards the additional matters sent us viz., the division of the contract time into four periods, and the average weight of the stone in the various classes. This will be added to the specification, and a clause enabling the Board to make the contractor keep the weight of the stone up to that standard will be inserted in the conditions of contract [we enclose copy of proposed clause for the Board's perusal]. We supplied Mr. Hungerford with a copy of the additions you required as regards the average weight of stone, &c., at Captain Miles's request.

Yours faithfully,

PERKINS & DEAR.

A. G. PRATER, Esq., Secretary Strahan Marine Board, Strahan.

Marine Board of Strahan, May 1899.

[Copy of Additional Clause West Breakwater Contract, by Perkins & Dear.]

Re Average Weight of Stone.

The Engineer may, when and so often as, in his absolute discretion he deems it necessary, call upon and require the contractors to supply, and the contractors shall forthwith supply stones in any of the four classes of such weight (not exceeding the maximum weight in each class) as will adjust the weights of the stones of any particular class already supplied to the average before specified for that class.

(34.)

TELEGRAM to CHAIRMAN of Marine Board.

IF Derbidge will come and manage the work then give contract to next lowest. If he will not then advisable to call fresh tenders.

Denman, 11 May, 1899.

C. NAPIER BELL.

(35.)

TELEGRAM to CHAIRMAN Marine Board, Strahan, Tas.

YOUR interpretation clauses most suitable Regret that you extended Hungerford's time Wired you this morning respecting Derbidge.

Muswellbrook, N.S.W., May 11, 1899.

• C. NAPIER BELL.

(36.)

EXTRACT from the Minute Book of the Marine Board of Strahan of the 15th May, 1899.

Present—Wardens Morrisby (in the Chair), Hales, Hall, Driffield, Robertson, Henry, S. Gaffney, J. J. Gaffney.

The following telegrams were read :—

From C. Napier Bell, 11 May, approving the proposed Interpretation Clauses.

From the Master Warden, even date, stating Hungerford and Sons objected to signing a contract containing the new Clauses.

Warden Hall moved—That no contract be signed unless the new Interpretation Clauses, as approved by the Consulting Engineer, be inserted.

Warden Hales seconded. Carried.

Resolved, That this Motion be wired to the Master Warden with a request for an immediate reply.

The Meeting was adjourned pending the Master Warden's reply.

At the close of the ordinary meeting the special business was resumed, a telegram, even date, from the Master Warden being read to the effect that Hungerford and Sons would not give a definite reply whether or not they would sign a contract containing the Interpretation Clauses until the 16th, when the extra time allowed them would expire.

Warden J. J. Gaffney moved—That a telegram be sent to the Master Warden stating that if Hungerford and Sons refused to sign a contract containing the Interpretation Clauses, the Board would proceed to call fresh tenders.

Seconded by Warden Robertson, and carried.

Confirmed.

12/6/99.

(Signed) A. MORRISBY, *Acting Master Warden*.

(37.)

TELEGRAM to the Minister of Lands (*Hon. E. T. Miles*).

Board decided at to-day's meeting that if Hungerford will not sign contract including interpretation clauses they will call for fresh tenders This decision unanimous Letter follows.

EDWD. T. MILES, *Master Warden*.

Strahan, 15th May, 1899.

(See Note on first page.)

(38.)

Stone Buildings, Hobart, 15th May, 1899.

DEAR SIRs,

Hungerford and Sons and Strahan Marine Board.

WE have again to apply to you for copy of any conditions proposed to be added to the contract, other than those relating to weight of stone, of which we already have a copy. Whatever the Board's contention may be with regard to the new clauses, and whether it admits them to be new or not, they are certainly not to be found in the printed conditions of contract, and it is obviously unfair to the contractors (to-morrow being their last day for paying the further deposit) that they should not have an opportunity to-day of considering and taking advice upon the new terms proposed.

Trusting to receive copy during the afternoon,

Yours faithfully,

ROBERTS & ALLPORT.

Messrs. PERKINS & DEAR, *Solicitors*.

(39.)

Stone Buildings, Hobart, 16th May, 1898.

DEAR SIRs,

Re Contract No. 1, Macquarie Harbour Works.

THE Strahan Marine Board having declined to accept the further deposit from Messrs. Hungerford & Son in terms of the contract entered into between them, and having insisted on the contract being altered in several respects, we have to give you notice that Messrs. Hungerford & Son hold the Board responsible for the damages they sustain by the Board's breach of the contract.

Yours faithfully,

ROBERTS & ALLPORT.

Messrs. PERKINS & DEAR, *Solicitors*,

Hobart, 16th May, 1899.

SIR,

Re Contract No. 1—Macquarie Harbour Works.

We are prepared to execute Contract for the above works in accordance with the Specification and general conditions upon which we tendered for such Contract. We also tender you herewith, as arranged with your solicitors, marked cheque for £1050, the balance of deposit in accordance with Condition 25 of the Contract. We are remaining here to complete the execution of the Contract and shall be glad to do so as soon as possible.

Yours faithfully,

HUNGERFORD & SONS.

The Master Warden, Marine Board of Strahan.

(41.)

To NAPIER BELL, Esq., C.E., c/o R. Hickson, Esq., Under Secretary Works.

Consider new conditions most unreasonable and outside contract and had to decline signing board now contemplate calling fresh tenders feared Derbidge would secure contract without further reference to you trust in fairness to all you will see fresh tenders called embodying these conditions chairman's son partner of Derbidge.

T. W. HUNGERFORD, Metropolitan Hotel.

17th May, 1899.

(42.)

To SECRETARY, Marine Board.

What has been done about contract?

C. NAPIER BELL, Roads Office.

17th May, 1899.

(43.)

TELEGRAM to Mr. Napier Bell, Roads Office, East Maitland.

Hungerford refuses to sign contract with interpretation clauses claims he can supply minimum weight in each class and threatens us with legal proceedings if we do not give him the contract.

EDWARD MILES, *Master Warden.**Strahan, 17th May, 1899.*

(44.)

To MASTER WARDEN, Marine Board.

Is there any informality in new clauses, were they inserted before date for receiving tenders, did all tenderers see them in good time Address East Maitland.

NAPIER BELL.

East Maitland, 18th May, 1899.

(45.)

TELEGRAM to NAPIER BELL, East Maitland.

INTERPRETATION Clauses added to Contract after Tenders opened.

EDWARD T. MILES, *Master-Warden.**18th May, 1899.*

(46.)

TELEGRAM to Chairman, Marine Board, Strahan.

If conditions altered after tenders opened Hungerford's tender is not binding his deposit should be returned, and fresh tenders called to avoid litigation See lawyer about this.

C. NAPIER BELL.

East Maitland, 18th May, 1899.

(47.)

TELEGRAM to Mr. JOHN BARROWMAN, Strahan.

How could you advise Chairman to insert new conditions after tenders opened all tenders now invalid.

NAPIER BELL,

East Maitland, 18th May, 1899.

(No. 61.)

X

(48.)

TELEGRAM to NAPIER BELL, East Maitland.

EXPLANATORY conditions necessary in agreement to insure spirit of specifications as shown by Hungerford's attitude.

BARROWMAN.

Strahan, 18th May, 1899.

(49.)

TELEGRAM to JNO. BARROWMAN.

Considering sizes stones that will be used how will Derbidge tender work out

NAPIER BELL.

East Maitland, 20th May, 1899.

(50.)

TELEGRAM to NAPIER BELL, East Maitland.

Derbidge's tender unfavourable to Board first half of contract but favourable latter half spoil would lessen cost of first half.

BARROWMAN.

Strahan, 20th May, 1899.

(51.)

TELEGRAM to JOHN BARROWMAN.

No price in tender for spoil he may charge for it same as classed stone.

NAPIER BELL.

East Maitland, N.S.W., 20th May, 1899.

(52.)

TELEGRAM to NAPIER BELL, East Maitland.

Board not inclined accept that tender otherwise Board would take spoil at own terms only.

BARROWMAN.

Strahan, 22nd May, 1899.

(53.)

Stone Buildings, Hobart, 22nd May, 1899.

DEAR SIRs,

HUNGERFORD AND SONS AND STRAHAN MARINE BOARD.

We beg to acknowledge receipt of your letter of 18th instant, and have merely to say that we do not agree with the construction which you seek to place on the Master Warden's telegram accepting the tender, and to repeat that our clients hold the Board responsible for the breach of contract.

Yours faithfully,

ROBERTS & ALLPORT.

Messrs. PERKINS & DEAR, Solicitors.

(54.)

TELEGRAM to CHAIRMAN MARINE BOARD

What does lawyer think can we give contract to Derbidge.

NAPIER BELL.

East Maitland, 23rd May, 1899.

(55.)

TELEGRAM to SECRETARY MARINE BOARD.

I have sent the following reply to Bell—Lawyers think it advisable give contract Derbidge who is willing to accept all the conditions the Board seek to insert His acceptance proves conclusively that we have not sought to impose unreasonable conditions upon Hungerford calling fresh tenders will necessitate losing two months Derbidge's tender is below our own estimate what better position can we have?

EDWARD T. MILES,

Hobart, 23rd May, 1899.

(56.)

TELEGRAM TO CHAIRMAN OF HARBOUR BOARD.

Derbidge tender reasonable himself good man Board should accept if he will manage work and amend schedule as I direct.

NAPIER BELL.

East Maitland, 24th May, 1899.

(57.)

Cathedral Chambers, Murray-street, Hobart, Tasmania, 25th May, 1899.

Re Mccquarie Heads Contract.

DEAR SIR,

I have had a further conference to-day with the Solicitor-General as to what effect the calling of fresh tenders for the above works would have with regard to Hungerford's threatened action instead of accepting the next lowest tender on the same specifications as interpreted by our special contract.

We both think that it would be to your advantage to show that the next lowest tenderer construed the specifications in the same way as your Board does with regard to the average weight of the stones, and that he is willing to sign the contract as prepared by us, as a reasonable and fair one.

If fresh tenders are called for on "amended" specifications, a wrong construction, in favour of Mr. Hungerford, might be put on the Board's action. If you decide to accept next lowest tender, you will, of course, be very particular as to the wording of your telegram, so that no acceptance of tender is made unless special contract is signed.

Yours faithfully,

WILLIAM PERKINS.

The Honourable E. T. MILES, Master Warden, Strahan Marine Board.

(58.)

*Minister's Office, Land and Works Department,
Hobart, May 25th, 1899.*

GENTLEMEN,

I regret that at the last moment, I find it impossible to get away in consequence of the Premier being so unwell, and a multitude of important matters to settle before Parliament meets on Tuesday, but as Warden Henry will be able to attend (tho' at considerable inconvenience and loss to himself) you will have a quorum.

My great anxiety to see this important work commenced (an anxiety which I am sure you all share with me), is the only apology necessary for troubling you.

The position stands thus:—Three deposits were held, those of Hungerford, Derbidge, and Langtree. Hungerford was offered the contract, and refused it because we sought to put a reasonable interpretation on certain clauses. The next lowest tender is Derbidge and Co., and the question is—shall we accept this tender or invite fresh tenders? And we should, as business men, look to our engineer and solicitors for guidance.

Mr. Bell advises to "accept Derbidge's tender, which is reasonable, if Derbidge will personally supervise the work, and sign Bell's conditions."

When Bell cabled us (Secretary has telegram) a fortnight ago "that in the event of Hungerford not signing contract accept Derbidge tender provided Derbidge manages it." I immediately cabled to the senior partner of Derbidge and Co., in New Zealand, and got a reply that "he would take charge of job himself," and later on, when Hungerford declined to accept, I sent on to New Zealand a copy of the contract, and asked Derbidge to cable me on receipt whether he would sign it, if his tender was accepted, and his reply is "will accept amended conditions, and carry out to Bell's satisfaction."

Our solicitors' and counsel's opinion, which I enclose, are in favour of accepting Derbidge's tender for the reasons stated therein, and I think we are quite safe in relying upon our solicitors' opinion, backed up by that of Alfred Dobson.

What then is our position?—(a) If we accept Derbidge's tender we get the job done at what Mr. Bell describes as a reasonable price—a price 10 per cent. below his own estimate, and several thousands below the average of all the tenders. If there is anything in Hungerford's contention that our interpretation clause is unreasonable, can we expect, with this unreasonable(?) clause inserted, to get as low a tender as Derbidge's?—for it is very doubtful whether any of the men who tendered last will tender again—(b) We shall save two or three months by accepting the tender we have, which is important—(c) We have a reliable contractor, who is well known to Bell, has done a great deal of work under him, and they have implicit faith in each other.

On the other hand, fresh tenders means delay, the probability of paying a higher price, and getting an unreliable contractor.

Looked at from Derbidge's standpoint, it would be doing his firm an injustice to pass them over. They naturally expected, when their deposit was retained, that, failing the lowest tenderer, they would get the job; and my several cables to them since in reference to management and special conditions, and their replies, agreeing to all our conditions, entitle them to consideration.

These are my views, which, together with our Solicitors' and Engineer's opinions, should assist you in arriving at a decision. So that there shall be no doubt about the *personnel* of the firm trading as Derbidge & Co., they are—C. Derbidge and S. Derbidge, of Lyttelton, New Zealand, and my son Leslie, who will take charge of the engineering work, steam cranes, locomotives, &c., will have a small interest.

I shall be glad to know your decision by wire, as early as possible.

I have instructed Mr. Perkins to consult with the Solicitor-General, and in view of any future litigation, it would be as well to give Mr. Dobson a general retainer as the Board's Counsel.

The Surveyor-General, Mr. Counsel, leaves to-morrow for the Heads to select a suitable site for occupation and has instructions to take Mr. Wilson with him, and survey it at once in small allotments. I would like Mr. Barrowman, and as many of the Wardens as can make it convenient, to accompany him, and advise him as to the best position.

Be good enough to grant me leave of absence for one month. I hope ere that the contract will be signed, and the contractors at work.

Yours faithfully,

The Wardens, Marine Board, Strahan.

EDWARD T. MILES.

The Board should go into Committee, and not allow the contents of this, or our solicitors' opinion to be made public.

(59.)

Private and confidential.]

[TASMANIA.]

Minister's Office, Lands and Works Department, Hobart, May 27th, 1899.

MY DEAR MR. BELL,

SINCE I last had the pleasure, I have accepted the office of Minister of Lands and Works, with its worries and responsibilities, and am anxious to get rid of the Macquarie Harbour Works so soon as I can see them fairly started. I am very sorry now that I did not pick the Tenders up and go to you with them and settle the question, but your wire, that you did not want to see them, put me off. If I had done so, much trouble and annoyance would have been saved. I did not imagine for a moment that you would recommend the Board to accept Hungerford's tender, which was 50 per cent. below your own estimate. His price for the Breakwater must be reduced by £2000, the price of his staging (which is duplicated in the tenders of all the tenderers), which reduces his contract to £31,000. How can we expect to get £45,000 worth of work done for £31,000—have we any right to expect it? I knew from the first that Hungerford intended to make his money out of points and not out of rock: hence my desire to see that our solicitors made a safe contract. I wired him very cautiously, as follows:—"The Board will accept your tender *conditionally* you signing *Contract now being prepared by our Solicitors*; and depositing £1250 within 14 days." He refused the contract, and that was an end of him; and the next man should have been offered the job.

Hungerford has threatened us with an action for compensation, which, we are advised, he can't maintain, and our Solicitors, backed up by Counsel's opinion, state that our case will be stronger if he fights, if the next tender is accepted, because it can be argued that, as the next tenderer accepted it, the contract could not be unreasonable; but if we call for fresh tenders it would be argued that the contract being so unreasonable, no one would sign it, and we were compelled to call fresh tenders.

The wire to you on Saturday asking you whether you will negotiate with Hungerford for a higher price is a most dangerous course to pursue. The moment we open negotiations with Hungerford at an increased price, if we don't give him what he wants, whatever it is, he will use it against us that we offered to compromise with him. This is a most dangerous course, especially with a litigious man like Hungerford, and must not be adopted. Even if the Board decided to do it, I should consider it my duty as the executive head, to refuse to execute the contract for other reasons.

If a man is to be allowed to tender at a ridiculously low price to get the call of the job, and then is to have the option of putting up his price to the next man, where is the fairness to the other contractors?

Hungerford, £33,000, and Langtree, £45,000, are one and the same, and they hoped to be able to withdraw the lowest and stand on Langtree's, but, unfortunately for them, Derbidge & Co. was between them at something over £43,000, which spoilt their game. Derbidge & Co. is Sam Derbidge, C. Derbidge, and my son Leslie, who can take charge of the engineering work, cranes, tools, &c.

When Hungerford came down here, he came with a partnership deed already drawn, and wanted my son, as representing Derbidge & Co. here, to go into partnership with him. Hungerford to withdraw his tender, and stand on Derbidge's. My son declined to have anything to do with a partnership. Hungerford then told him that he, Hungerford, was in with Langtree, and offered him £1000 to withdraw Derbidge's tender, so that Langtree's might be lowest and accepted. My boy agreed to take it after consulting his banker, but when they came to business Hungerford wanted to give him Bills, which he refused. Hungerford then offered to withdraw his tender if the boy gave him £1000; again the boy agreed to the proposal, and Hungerford then wanted $\frac{1}{4}$ interest in the job. The boy got so disgusted that he refused to negotiate with him any longer.

Hungerford then called to a friend of his at Christchurch, to interview Sam Derbidge, and try to work him in the same manner. You will see by Sam's letter that he offered £1000 for Derbidge to withdraw, or would take £1000 and withdraw himself.

I hope the Board will never have anything to do with this man; it is too dangerous. In justice to Derbidge & Co., whose deposit we still hold—who are ready to sign all our conditions—they should have the contract; failing that, call for new tenders, which means delay, and probably Hungerford tendering again at a ridiculous price and still more trouble.

Derbidge's price is 10 per cent. below our own estimate, and we can't do any better, and you know he can do the work. Am very busy; Parliament meets to-morrow. You might send me a private wire, addressed "Minister Lands, Hobart," before you reply to the Board officially.

Yours faithfully,

(Signed) EDWARD MILES.

[Note.—Two lines were erased by the Committee as having no bearing on the questions at issue, and referring only to private matters.]

xiii

(60.)

TELEGRAM to CHAIRMAN, Marine Board.

Have seen Hungerford if his statement true fresh tenders should be called.

C. NAPIER BELL.

East Maitland, 26 May, 1899.

(61.)

West Maitland, 26th May, 1899.

MY DEAR BARROWMAN,

I have just had a visit from T. Hungerford, who told me that the new conditions were put before him for signature at the last day, and that he naturally refused to sign, as his tender never contemplated such conditions; that he never dreamed of charging more for stone over the minimum weights, as he had worked for years in Greymouth under the same specifications as you have now; that Captain Miles' son told him that he was Derbidge's partner, and he, Hungerford, assumed that Mr. Reynolds was the other; that they had induced B. Stocks to withdraw his tender in order that they might get the next highest, and Hungerford was positive that the new conditions were forced on him to make him withdraw, or compromise with them; that Hungerford demanded to be allowed to sign his contract, but was told that the Board insisted on the new conditions being inserted, to which he refused; and that his tender was carefully considered and was a good and sufficient one, and he would have carried it out. Now, the above discloses such a tissue of scheming that I cannot believe it, and as it will very soon be in everyone's mouth, I cannot think but that it is best to call fresh tenders, otherwise the public might suspect even the Board of underhand dealing, which would be most injurious. I wired the Chairman on 25th that to save time it might be as well to accept Derbidge's tender, but after hearing Hungerford's statement I do not think it is. I cannot imagine why you agreed to insert useless new conditions after tenders received; it is such a plainly illegal thing to do, and you must have known that both in Westport and Greymouth, contracts were carried out with the specifications you have, and no trouble arose. The new conditions virtually raise the weights of the classes of stone, which were found sufficient in Greymouth. I am most annoyed and disappointed with these complications which have attended the letting of the first contract. There is no reason, except the feature of intrigue which has attended it, why Derbidge's tender should not have been taken. He is a good man if he will come and manage it, and his price is below our estimate, but his schedule of one price for all classes is not a good disposition, and should be changed. According to Hungerford, Derbidge is merely a dummy, and he thinks would never come near the works. Hungerford said that you knew nothing of all the scheming which he says was going on over the tenders, and I am sorry to let in on you a flood of disagreeable light, always supposing that Hungerford is telling the truth. He seemed so indifferent about the result that I fancy he thinks he has a good case at law against the Board, unless it calls fresh tenders and gives him another chance, but I do not know how such a case stands in the eye of the law, as I never saw conditions changed after tenders received except under mutual agreement.

I am, ever yours,

C. NAPIER BELL

JOHN BARROWMAN, *Esq., address, G.P.O., Sydney.*

I am going to New Zealand in about 10 days, where my address will be "G.P.O., Wellington."

(62.)

*Extract from the Minutes of the Strahan Marine Board, Special Meeting, 27th May, 1899.**Present.*—Wardens Hall (in the Chair), Hales, Henry, S. Gaffney, and Robertson.*Resolved* that the Board go into Committee.

By permission the Secretary stated the wish of Warden Driffield that fresh tenders be called.

Warden S. Gaffney moved that Mr. Napier Bell be requested to try and arrange with Hungerford and Sons satisfactory terms for the carrying out of the West Breakwater Contract.

Warden Henry seconded. Carried.

Resolved that the following telegram be sent to Mr. Napier Bell, a copy being also forwarded to the Master Warden:—"Will you negotiate with Hungerford terms on which he will carry out contract on amended specifications remembering Derbidge willing to accept Letter by post Board await your full advice before deciding future course."

The Secretary was instructed to write fully to Mr. Bell as to the wishes of the Board, also to call a special meeting to consider Mr. Bell's reply, when received.

Confirmed,
12/6/99.A. MORRISBY,
Acting Master Warden.

(63.)

TELEGRAM to NAPIER BELL, East Maitland.

Will you negotiate with Hungerford terms on which he will carry out contract on amended specification remembering Derbidge willing to accept Board await your full advice before deciding future course.

EDWARD T. MILES.
27th May, 1898.

(See Note, on first page.)

27 May, 1899.

Dear Sir,

I wired you to-day, and now confirm. "Will you negotiate with Hungerford terms on which he will carry out contract on amended specifications, remembering Derbidge willing to accept. Board await your full advice before deciding future course."

In order to obviate or minimise the possible consequences of an action for damages by Hungerford, our solicitors advise the acceptance of Derbidge's tender as the next lowest, which they consider shows the reasonableness of the interpretation clauses. Derbidge, we are informed, is willing to sign a contract embodying the new clauses, also to personally supervise the work.

Mr. Barrowman advises that, in the event of the acceptance of Derbidge's tender, it would be desirable to substitute for his uniform rate of 3s. 5d. for all stone, a distinct price for each class. We have carefully calculated prices which would be satisfactory to the Board, whilst not, apparently, disadvantageous to Derbidge.

We submit the following distinct class prices:—

1 class, 53,572 tons, at 4s. 3d. =	£11,384.
2 class, 65,761 tons, at 3s. 8d. =	£12,056.
3 class, 80,604 tons, at 3s. 1d. =	£12,426.
4 class, 44,063 tons, at 2s. 8d. =	£5874.

Total thus accruing £41,740.

Derbidge's uniform price shows £41,683.

We do not consider it desirable to go into fractions of pence.

Piles, timber, and iron, at Derbidge's tender prices amount to £2283; equals total tender on re-classified prices, £43,993.

Of course it is not certain that Derbidge would agree to the re-classification.

In the event, however, of no arrangement effected with Hungerford as per wire to-day, we ask your advice as to the desirability of adopting the above scheme should the Board then decide to accept Derbidge's tender.

The Board prefers an arrangement with Hungerford to acceptance of Derbidge's tender, because it would obviate all legal risks (always dangerous in the case of a Board), besides, probably, being the cheaper alternative.

Of course, if Hungerford's total price, in the event of compromise, is not less than Derbidge's price, Hungerford ceases to be the lowest tenderer, and the Board will have to take the risks, and either accept Derbidge's tender, or call fresh ones.

The question of time saved or lost presents itself here.

As I have already wired you, the interpretation clauses were not despatched from this office until the 28th April, the tenders having been opened on the 17th.

The feeling of the Board at to-day's meeting was that they should be guided solely by your advice.

Referring to your telegram of 26th instant, "Have seen Hungerford, if his statement is true fresh tenders should be called." The Board is quite ignorant of what statement Hungerford has made.

The signed contract must contain the interpretation clauses of 28 April, also a clause empowering the Board to demand quarry waste at 1s. per ton, at their option.

Yours faithfully,

To C. NAPIER BELL, East Maitland.

A. G. PRATER.

Hobart, 31st May, 1899.

SIR,

I AM in receipt of yours of 28th instant, covering copy of a letter sent to Mr. Bell on 27th instant.

So far as I am able to judge by your letter, there was no quorum of the Board—no meeting, and what has been done at the meeting is invalid; but in any case what is supposed to have been done by the Board's direction is most prejudicial to its best interests. We are simply throwing ourselves into Hungerford's arms.

Here is a contractor threatening us with an action for damages, without even guarding ourselves by asking Bell to negotiate *without prejudice*. We make overtures to Hungerford. Suppose he says, "I want £20,000 additional." We reply, "The next tenderer will do it for £10,000." He still refuses and fights us, and will use against us our own offer and *all the letters and telegrams which are being sent to Bell, our solicitor's opinion, and our own books*, which are all public records. I have written Bell fully pointing out the danger, and have wired him not to approach Hungerford until he gets my letter; and then, if he thinks it desirable to make overtures, to do so *without prejudice*.

I am fearful of the future, and I want to place on record my strong protest against this coquetting with Hungerford, and to caution the Board about the dangerous course it is pursuing. We are acting in direct opposition to the advice of our solicitors; and this protest is made to relieve me personally from any share of the responsibility. *Re Sligo's seat*, it is vacant if he has been absent for four meetings without leave of absence. Meetings would mean ordinary meetings and special meetings of which he received notice.

Yours faithfully,

EDWARD T. MILES.

The Secretary, Marine Board, Strahan.

XV

(66.)

TELEGRAM to CHAIRMAN, Marine Board.

New conditions were a blunder and illegal. As case now stands either ask Hungerford what terms he will accept with new conditions or call fresh tenders on old condition or altered as you please.

East Maitland, June 2, 1899.

NAPIER BELL.

(66a.)

*Marine Board of Strahan,
Strahan, June 2nd, 1899.*

DEAR MR. BELL.

I AM just sending this with the hope it may find you. In reply to yours of the 26th May, though the specification is practically the same as the contracts at Westport and Greymouth, yet the question cropped up in Wilkie's contract, but the size of the plant and the size of the stones made it convenient to put in the larger stone. But in this case the contractor has to provide his own cranes and trucks, and he is required to provide only one 20-ton crane, yet that would not secure 20-ton stones; and if the contractor provided trucks to carry only ten tons we could not force him otherwise; besides, Mr. Hungerford spoke of using air or steam power drills, and working the quarry in benches, and by such means he could not procure the best results in big stones. Besides, if the specification covers all we wish to secure in the size of stone, why did Hungerford refuse to sign, seeing the interpretation clauses add nothing more than the natural intention of the specification. I have not time to say more at present.

Yours ever truly,

JOHN BARROWMAN.

(67.)

West Maitland, 4th June, 1899.

SIR,

HAVING just received yours of 27th May, I compare it with one received from the Chairman from Hobart of the same date, and putting the two together I can make nothing out of the matter, except such cross purposes as I cannot understand, and under these circumstances I hope the Board will not be offended if I decline to take any part in settling these tenders.

You say in your letter that, "In order to obviate the possible consequences of an action for damages by Hungerford, our solicitors advise the acceptance of Derbidge's tender as the next lowest, which they consider shows the reasonableness of the interpretation clause." I have no doubt it does as far as Derbidge's tender is concerned, but it is highly unreasonable as far as Hungerford's tender is concerned, which was £10,000 lower than Derbidge, and as Hungerford says, the new conditions were sprung upon him at the last moment when he was called up to sign. Now the new conditions greatly increase the cost of the work, as you will see from an analysis sent herewith. And in fact Hungerford would have been a fool if he had signed these new conditions without asking for a higher price.

Respecting these new conditions, you cannot fail to see that they were unjust and illegal: unjust because tenderer had no knowledge when he tendered that these were going to be thrust upon him: illegal because one has no right, after stating conditions in a specification, to call upon a tenderer to accept different ones after he has tendered.

You say that the Board prefers an arrangement with Hungerford to acceptance of Derbidge's tender, and this on the Board's part is, I assume, dictated from a feeling of the rights of the case, and not from financial considerations, but at the same time you mention the Board's fear of legal risks. It is to be regretted that legal risks were not thought of when Hungerford was called upon to sign his tender with much more onerous conditions inserted than he had tendered for. The proper course would have been to ask him then at what addition to his tender he would take up the contract with the new conditions, and that was the time to compromise with him. But, as I understand, Hungerford was not asked to do this, but was told that if he would not sign the new conditions at his tender of £33,700, Derbidge would take it on same conditions at £43,900; no doubt he would, and so would Hungerford if he had been offered the chance.

I have no particular desire to see Hungerford get the contract, nor do I think much of Derbidge's partnership, which is composed of the two brothers Derbidge and young Leslie Miles, none of whom have any money, at least I presume so.

Hungerford represents to me that his tender was a *bonâ fide* one and that he could have carried it out, as it was the same price at which he did his last contract in New Zealand; at any rate if it had been accepted as it was he would have been in the Board's power, whereas now, from the tenor of your letter, I infer you think the Board is in his power, though I do not believe that to be the case in law.

The new conditions are certainly more advantageous to the Board, as they fix a much higher general average weight for the stone, although we worked for many years in New Zealand with the specification as I gave it for your Board, and never had any trouble. On this subject, however, Barrowman is a better authority than I am, as he knows how he handled the weights in the work.

Derbidge's classification of one price for all sizes I should not accept, but would prefer these prices, which come to the same money:—

(A.) 1st class, 4/6; 2nd, 4/; 3rd, 3/; 4th, 2/; total, £41,701, exclusive of the staging. Spoils below 1 cwt. to be paid for at 1/ per ton. Board to have the option of requiring contractor to put such of it into the work as the engineer shall direct, or to deliver it, at the disposal of the Board, loaded into contractor's trucks at the quarry, or of not taking any of it.

If you should wish to arrange with Hungerford, however, instead of calling fresh tenders the following scale would be suitable under the *new conditions* :—

(B.) 1st class, 4/9 ; 2nd, 4/ ; 3rd, 2/6 ; 4th, 2/ ; total, £40,356. Spoil under 1 cwt. to be paid for at 1/. Board to have the option of requiring contractor to put such of it into the work as engineer shall direct or to deliver it, at the disposal of the Board, loaded into contractor's trucks at the quarry, or of not taking any of it.

The following new classification would come nearer to the results you get by the *new conditions*, insisting upon averages, which the Board inserted in Hungerford's tender :—

			£
(C.) (1.)	12 to 20 tons.....	48,000 tons, at 4/8.....	11,200
(2.)	5 to 12 „	58,500 „ at 4/3.....	12,431
(3.)	1 to 5 „	49,000 „ at 3/0.....	7350
(4.)	10 cwt. to 1 ton	31,700 „ at 2/6.....	3962
(5.)	5 „ to 10 cwt.....	30,000 „ at 2/0.....	3000
(6.)	1 „ to 5 „	26,800 „ at 1/6.....	2110
Tons 244,000			£40,053(approximately.)

NOTE.—Barrowman can tell whether such a number of classes is workable.

Quarry spoil below 1 cwt. to be paid for at the price of 1s. per ton if the Board requires any of it. The Board to have the option of requiring contractors to put into the break-water so much of it as the Engineer may direct, or to deliver so much as the Board requires loaded, into contractors' trucks at the quarry.

Barrowman should carefully look over the above quantities of rock (in C), to see if they are the quantities likely to be used, and if not, readjust them and the prices to bring the total up to (B), equal to £40,356, exclusive of staging, which in Hungerford's tender was £2366.

Ditto Derbidge's „ 2217.
And a more reasonable value „ is 2616.

I am,
Sir,

Yours faithfully,

C. NAPIER BELL.

The Secretary Marine Board, Strahan.

Address—"G.P.O., Sydney."

* That is supposing the new classification (C) is adopted instead of the "*new conditions*."

P.S.—I send herewith copy of specification corrected. Please send me another copy ; I have none.

STRAHAN MARINE BOARD.

ANALYSIS of weights of stones in Old and New Conditions, Old being original specifications, and New as altered by Chairman.

		Possible combinations of Stones.	
		Old.	New.
Side Tip—1st class,	10 to 20 tons, truck load 20 tons.	Two 10 tons.	One 15 ton.
„ 2nd „	3 to 10 tons, „ 20 tons.	Six 3 tons.	Three at most.
End Tip—3rd „	5 cwt. to 3 tons „ 10 tons.	Forty of 5 cwts., or 15 of various weights.	6 stones at most.
„ 3rd „	1 to 5 cwts. „ 10 tons.	200 stones of 1 cwt., or 100 of different weights.	67 stones at most.

The above shows that the new conditions as to average weights of stones inserted in the specifications would make a great difference in the cost of the work, as the real effect is to nearly double the weights of stones allowed to be put in the work. Of course it is to the advantage of the work to have heavier stones if you do not have to pay too much for them, and the question may turn up whether the quarry will furnish such weights.

(The above is private, and not intended for the the benefit of tenderers.)

C. NAPIER BELL.

(68.)

TELEGRAM to Secretary, Marine Board, Strahan.

Your letter twenty-seventh May together with one from Chairman same date so contradictory that I decline interfere in tenders. Letter posted.

NAPIER BELL.

East Maitland, 5th June, 1899.

(69.)

TELEGRAM to HUNGERFORD, Farley, Kensington, Sydney.

Please put yourself into communication with Napier Bell immediately.

EDWARD T. MILES,
Minister of Lands and Works,

5th June, 1899,

xvii

(70.)

TELEGRAM to C. NAPIER BELL, East Maitland.

Are you satisfied that original conditions and specifications are sufficient to protect the Board? If so, and Hungerford is willing tell him to come to Hobart and sign contract. Board await your definite reply before taking action.

EDWARD T. MILES,
Minister of Lands and Works.

5th June, 1899.

(71.)

TELEGRAM to CAPT. MILES.

All right will see to it.

NAPIER BELL.

East Maitland, 6th June, 1899.

(72.)

TELEGRAM to CAPT. MILES.

I am quite satisfied as to conditions I wait Barrowman's arrival before doing anything.

NAPIER BELL,

East Maitland, 7 June, 1899.

(73.)

[Copy.]

TELEGRAM to T. W. HUNGERFORD, Kensington, Sydney.

You can go to Hobart and sign contract on old conditions of specification and pay the sum as security reply at once.

NAPIER BELL.

16 June, 1899.

(74.)

TELEGRAM to C. NAPIER BELL, C.E., East Maitland.

HAVE you authority by resolution of Board to deal with Contract for if not they may insert some fresh conditions if so will go Hobart after I attend to urgent business and see if everything in order. Anxious to avoid further unnecessary expense. Expenses already incurred must be paid by Board.

T. W. HUNGERFORD,
Farley, Kensington.

Sydney, N.S.W., 16th June, 1899.

(75.)

[Copy.]

TELEGRAM to T. W. HUNGERFORD, Kensington, Sydney.

BOARD has empowered me to act with free hand. I have offered you Contract on original terms you must decide at once to save time. If you refuse your deposit will be returned and new tenders called. I will not deal at present with claims for expenses.

C. NAPIER BELL.

17th June, 1899.

(76.)

TELEGRAM to C. NAPIER BELL, C.E., East Maitland.

AM afraid of more intriguing not by either you or Barrowman of course better get acting chairman offer contract under original conditions of specifications without any new stipulations and that they will pay unnecessary expenses incurred, and we will accept contract. See conditions *re* accepting contract.

T. W. HUNGERFORD,
"Farley," Kensington.

17th June, 1899.

(77.)

[Copy.]

TELEGRAM to T. W. HUNGERFORD.

I have power by resolution of Board and require your definite answer at once.

17 June, 1899.

C. NAPIER BELL.

(78.)

[Copy.]

[Private.]

? 18th June, 1899.

DEAR BELL,

I thought my wire of yesterday, accepting contract, provided the Board would allow us the necessary expenses we incurred in not accepting our contract, would have been satisfactory. Surely this is only what we are justly entitled to. Now, so far as you being authorised to deal with the contract, you must admit that it is not in order: according to general conditions, &c., the chairman has to give notice.

I think it quite unnecessary for one to state that *I have the most implicit confidence in you*; but you may be *deceived*; and so far as calling fresh tenders, I feel convinced you are and also that the chairman is intriguing. He has no idea of allowing fresh tenders being called: he will work Heaven and earth to give the contract to *his son*; and you and I know what the son means. *If it were otherwise, why does he not resign as Chairman of the Board, as he promised?* If the atmosphere was once clear of his influence, then I would believe—not otherwise. No doubt, if you find there is intriguing, you will “Raise Cain”; but what would a man like Miles care?—believe me, nothing whatever: so long as he gained his point he would soon find an excuse. He could say that the negotiations with us having taken so long, that the so-called Derbidge must get the contract. I do not care one rap for the contract, but I will not be had by Miles. Should our tender be accepted, and that Miles still retains his seat as Chairman, for the purpose of persecuting us, I will have my revenge. I will publish, in every paper in the colonies, his interest and connection with it. I tell you honestly that I do not think we will make a fortune over the contract, and if fresh tenders (*for a certainty*) would be called, I would decline accepting: on the other hand, there is no danger of our losing any, as the quarry is an exceptionally good one: I think we would do fairly well out of it. If you would like to see me over the matter, send me a wire to-morrow, and I will go up to-morrow night. I did think of going to Forster, but, if you like, I will go on to you.

I am,

Dear Bell,

Your old friend,

T. W. HUNGERFORD.

“Farley,” Kensington, Sunday.

P.S.—Miles wired me to put myself immediately in communication with you, and signed the wire, “Minister of Lands and Works.” What has the Minister of Lands and Works to do with me? I tell you honestly that everything that man does means *intrigue*.

(79.)

[Copy.]

TELEGRAM to T. W. HUNGERFORD, *Kensington*.

I shall take your letter as declining contract and proceed at once call fresh tenders.

Sydney, 19 June.

C. NAPIER BELL.

(80.)

TELEGRAM to C. NAPIER BELL, C.E., *H.R. Hotel*.

As you say fresh tenders will be called for will await them.

*Sydney, 19 June, 1899.*T. W. HUNGERFORD, *Farley, Kensington*.

(81.)

TELEGRAM to JNO. BARROWMAN, *Hotel Metropole*.

Letter received from Hungerford which I shall take as refusal and call for fresh tenders have wired him accordingly.

East Maitland, 19 June, 1899.

C. NAPIER BELL.

(82.)

TELEGRAM to MARINE BOARD.

Hungerford off arranging new tenders with Bells printing new specification.

*Strahan 20th June, 1899.*BARROWMAN, *Metropole*.

XIX

(83.)

[Copy.]

Strahan, 26 June, 1899.

C. NAPIER BELL, *Esq.*, G.P.O., Sydney.

MY DEAR SIR,

If I said I was astonished at some of the statements made in your letters to Barrowman and the Board, it would only very mildly express my feelings.

1. You wrote a letter to Mr. Barrowman which was read at the Board's table, and although it was distinctly stated at the time that it was to be treated as private, it has since got into the mouths of Members of Parliament. The statements therein purporting to be made by Hungerford to you, and which you place sufficient credence in to repeat in a letter to Barrowman, are absolutely untrue and libellous.

The statement that I am mixed up in the tender of Derbidge & Co. is sufficient to damn the reputation of any public man holding the position of a Minister of the Crown. I cannot allow my reputation to be assailed in this manner. I therefore insist upon all references as to my connection with this contract being withdrawn unreservedly in a letter that can be made as public as that in which the statements were made. Otherwise, I shall have to take steps to compel Hungerford to provide proofs of the libel he has published through you. Coming now to your letter dated June 4th. You say "Neither of the Derbidges or Leslie Miles has any money." How do you know this, and what right have you to make such a statement to the Board? I am able to state from my own knowledge that the firm of Derbidge & Co. are well able to finance this job or one double its value. Such rash statements should not be made without some foundation. Perhaps you will be good enough to furnish me with the proofs.

Referring to your letter *re* the new and old conditions.

It is difficult to understand what you mean.

You say the old conditions were sufficient, and yet, when it was pointed out to you that it was necessary to insert a clause to fix the proportions of different classes of stone, you found it was necessary to do so, and although you strongly object to any alterations in conditions after tendering, you submit a number that should be inserted in the contract, if Derbidge and Co.'s tender is accepted, although you deprecate making any alteration if Hungerford accepts. You also invite the Board to insert a condition in Derbidge's tender—that he should come and manage it. No such condition was required of Hungerford.

If your view of the interpretation of the old conditions is correct, you assume that only the minimum size will be used in each class. Then, why the necessity for a maximum? Why limit the truck load to exactly 20 tons in making comparisons so favourable to the old clauses? There is no stipulation in contract as to what class of trucks is to be used; and stranger than all, you admit that Barrowman's knowledge of this subject is greater than your own, and after objecting to any alteration, submit an alteration classification entirely outside of your original classification, and of Barrowman's. The whole business is the most lovely tangle I have seen. The Board will do nothing further until we get the amended specification, when fresh tenders will be called.

Yours faithfully,

EDWARD T. MILES, *Master Warden*.

(84.)

TELEGRAM to The Hon. MINISTER of LANDS, Hobart (*Hon. E. T. Miles*).

BELL gone to Wellington His address G.P.O. Wellington Hungerford was offered contract at old terms but gave no definite answer Bell gave time for reply and after that decided to call new tenders due in six weeks.

E. T. MILES, *Master Warden*.

Strahan, 29 June, 1899.

(See Note on first page.)

(85.)

TELEGRAM to Secretary, Marine Board, Strahan.

Twenty-five Pounds additional approved; I wired Sydney this morning to find out what Barrowman is doing. To save special meeting am wiring each individual of Board as follows:—"Barrowman has returned with amended specifications. Propose, with approval of majority of Board, to return the three deposits now held, and send on to each of the original tenderers a copy of the amended specifications and conditions, asking them to tender again under these conditions, making tenders returnable in one month. A cablegram to be sent to each notifying that original tenderers are asked to tender again, and conditions, specifications, will be posted first mail. This course, I think, will be fair to those who spend time and money in seeking information on which to base their tenders, and be just to all. If I receive favourable replies from a majority of Wardens I will instruct you further. What address will find Wardens Henry, Sligo, and Gaffney?

EDWARD T. MILES.

Hobart, 29th June, 1899.

(86.)

TELEGRAM to HON. E. T. MILES, Minister for Mines.

Intended returning overland but will leave to-night for Hobart and consult with yourself and other members of the Board in Hobart *re* matter contained your wire.

A. D. SLIGO.

Launceston, June 29th, 1899.

(No. 61.)

XX

(87.)

TELEGRAM to HON. E. T. MILES.

I approve of your suggestions *re* tenders.

J. J. GAFFNEY.

Strahan, West, June 29th, 1899.

(88.)

TELEGRAM to HON. E. T. MILES.

I approve of your suggestions but think tenders should be advertised in newspapers as well.

EDWD. L. HALL, Commissioner.

Zeehan, June 29th, 1899.

(89.)

TELEGRAM to HON. MINISTER of LANDS (*Hon. E. T. Miles*).

GAFFNEY consents to your proposed arrangement. Morrisby ditto.

EDWARD T. MILES, Master Warden.

Strahan, 29 June, 1899.

(*See Note on first page.*)

(90.)

TELEGRAM to HON. E. T. MILES, Minister for Lands.

Your proposal excellent, but consider it also necessary to call for tenders by advertisement as further precaution. Just sailing for Strahan per *Kiaora*.

F. O. HENRY.

Devonport, West, 29 June, 1899.

(91.)

TELEGRAM to HON. MINISTER OF LANDS (*Hon. E. T. Miles*).

Warden Driffeld just called he states your wire duly received; reply delayed owing my absence railway extension. Cordially endorse calling fresh tenders under new clauses provided tenders duly advertised.

EDWARD T. MILES, Master Warden.

Strahan, 30 June, 1899.

(*See Note on first page.*)

(92.)

TELEGRAM to E. T. MILES, Minister of Lands.

We approve of Napier Bell's amended specifications provided Barrowman failed to do business with Hungerford, as proposed at last meeting.

GAFFNEY & ROBERTSON.

Queenstown, June 30, 1899.

(93.)

TELEGRAM to HON. MINISTER OF LANDS (*Hon. E. T. Miles*).

Have shown yours of last night to Warden Driffeld: he says strongly protest original tenderers only being invited tender amended specifications; consider nothing will satisfy public and majority of Board but publicly advertised tenders, open to all.

EDWARD T. MILES, Master Warden.

Strahan, 1 July, 1899.

(*See Note on first page.*)

(94.)

Wanganui, N.Z., 18th July, 1899.

SIR,

In reply to your letter of the 26th June, I am astonished at the imputations you attempt to deduce from the tenor of my letter to Mr. Barrowman, dated 26th May.

I think you cannot have read the letter carefully, because there is therein no reference to you as being concerned in dealings to get the contract for the western breakwater. I said in the letter that I did not

XXI

believe Hungerford's statement as to the asserted intrigues between Derbidge and his partners and Hungerford in reference to this contract; but as to yourself being a party to the same, your position on the Marine Board precluded my entertaining any such thought.

Referring to the capital at the command of Derbidge and his partners, I assumed in my letter that they had none of their own; by the terms of your letter I am now given to understand that they have ample means, and I am glad to hear it.

Referring to the question of the new conditions inserted in the specification, my view of the case is that it is neither right nor legal to insert other conditions into a specification after the tender is accepted. In the case of Derbidge & Co. their tender had not been accepted, and so you were at liberty to decline it, or accept it under new conditions. Derbidge's tender was much higher than that of Hungerford, and the new conditions were also more favourable to the Marine Board. There were, therefore, two just and legal options open to the Board,—one, to decline his tender as too high, the other to accept it, subject to the new conditions.

You will remember that immediately after the Board had decided to carry on the work by contract you remarked to me that Derbidge would be an excellent man to have the contract, to which I agreed that I thought that he was excellent man to carry out the work; therefore it was that I insisted that he should come and manage it. In the case of Hungerford there was no occasion to do so, as I knew he and his sons would take charge of the work.

Comparisons of the weights of stones under new and old conditions must be limited by the carrying capacity of the trucks. Side tip-trucks generally carry about 20 tons, and end tip about 10 tons; but, in whatever way the comparison be made, the new conditions, as then inserted in specification, would very considerably increase the weights of all classes of stone, as well as the quantity to be rejected as too small.

I have the honour to be,
Your obedient Servant,

C. NAPIER BELL, *M. Inst. C.E.*

The Chairman of the Marine Board, Strahan.

(95.)

[Copy].

*Minister's Office, Lands and Works Department,
Hobart, 8th August, 1899.*

MY DEAR MR. BELL,

I AM in receipt of yours of July 18th. I am glad to learn that I misread your letter to Barrowman of the 26th, and that you entertained no thought of my being interested in the contract, and disbelieved Hungerford's statement as to the suggested intrigue.

As I am writing from Hobart Barrowman's letter is not to hand, but I readily accept the explanation, and regret having unintentionally misstated the case.

I do not quite see eye to eye with you as to the new conditions. We wired Hungerford we were willing to accept his tender *conditionally* upon his signing the contract being prepared by our solicitors in Hobart. Hungerford came to Hobart. I explained to him in the presence of our solicitors that the Board would not accept any tender under the old specifications (covering ourselves under the clause for that purpose), but we would accept his tender on the amended specifications; he declined, and in my opinion there was an end of it.

Our position is not that we altered the specification after we accepted his tender, but that we declined to accept any tender on the old specification, and offered it to him on his new. However, you offered it to him on the old condition; this he refused. And again at Strahan, before disclosing the tenders we called him into the Board Room and again offered it to him on the old specification and price, and again he declined it.

I quite agree with you that the new conditions as to weights are much more onerous than the old; and it seems to me that the tenders are low enough for the job. I understand the Secretary has sent on for your approval the three lowest:—Derbidge & Co. (of which my son is a partner) under £40,000, Hungerford under £43,000, and Langtree under £44,000. I am writing from memory. I trust you will wire your approval of one of these tenders as soon as possible, and let the work go on.

Yours faithfully,

EDWARD T. MILES, *Master Warden Strahan Marine Board.*

NAPIER BELL, *Esq., New Zealand.*

(96.)

*Post and Telegraph Department, General Post Office,
Hobart, 11th September, 1899.*

MEMO.

I AM unable to find that any messages were despatched from Miles, Hobart, to Derbidge, N.Z., between 11th and 25th May, or from Master Warden, Strahan Marine Board, to Leslie Miles, between April 17th and May 6th.

For telegrams from Derbidge I will endeavour to procure copies from Cable Station to-morrow.

H. V. BAYLY, *Secretary and Superintendent.*

The Hon. the Minister of Lands and Works.

(No. 61.)

XXII

(97.)

Tasmania.
Post and Telegraph Department, General Post Office,
Hobart, 12th September, 1899.

MEMORANDUM.

IN reply to Memo. of the 11th instant, I beg to inform you that the Cable Station states that no cables from Derbidge, New Zealand, addressed to Miles, have been received between the 11th and 25th May.

H. V. BAYLY, *Secretary.*

The Hon the Minister of Lands and Works, &c.

(98.)

TELEGRAM to HON. N. E. LEWIS, Fitzroy Place.

REGRET after exhaustive search unable find authority from Stocks believe it was type-written had no written authority for repayment Derbidge handed the forty notes to Captain Miles to return to Derbidge this would be beginning July.

A. G. PRATER.

Strahan, Sept. 25, 1899.

(99.)

TELEGRAM to Hon. N. E. LEWIS, M.H.A.

Just found Stocks authority *re* Deposit it is type written with hand written signature Capt. Miles receipt is endorsed on it shall I post it overland to-night wire instant reply secretary sends this wire.

J. J. GAFFNEY, *Master Warden.*

Strahan, 29 Sept., 1899.