

A.—From first to last a pure fabrication. Notice was given to the petitioners publicly, at a meeting held about the 15th of February last, in which fully three-fourths of the settlers were present, "that the store would be sold as soon as possible." The probable terms of the sale were also mentioned. The store was sold by me, under instructions, to Mr. Dolphin, whose offer was accepted by Government, and afterwards modified by me in the interest of settlers. No exorbitant prices have ever been charged at Karamea, but these ideas have been engrafted in the minds of settlers by persons who well knew their inexperience, and who have succeeded in creating much discontent by false statements. This memorial was worded by Mr. Ings, of Westport, and forwarded to a person at Karamea, who spared no statement to mislead persons into signing a document which they must have all known to be full of calumny and falsehood, having only a thin shade of truth running through—just enough to mislead the unwary.

"That no steamer has called at the port for many months past, and that therefore your petitioners have been debarred from obtaining stores from a cheaper market, and also of getting rid of any produce they may have had for sale."

A.—No steamer has called at the port since April last. At that time all the settlers were stocked with provisions, which supplied most of them for three months. Since then they have been supplied on credit by Mr. Dolphin, in a most liberal way. If a steamer had called, she would probably have come and gone almost empty, as there were no goods that I am aware of waiting shipment, and certainly there was nothing for sale or for shipment at Karamea; and, in the absence of any inducement to call, steamboat proprietors would not send their boats on a speculative trip to a place out of the usual track, with the risk of encountering delay and other difficulties.

"That they have grave reasons for supposing and verily believe that large profits have been made by the present director of the settlement in trading transactions with your petitioners, in excess of any profits contemplated in the original scheme of settlement."

A.—It is astonishing how any body of men could be induced to subscribe their names to such an unfounded assertion against one who has endeavoured to do his utmost for their advantage. But I do not blame the settlers, who were duped, so much as the want of principle on the part of those who promulgated such ideas amongst them, with the full knowledge that such statements were false. No public man is safe against slander such as this. No profits whatever have been made by the store-keeping, which was conducted in a most plain and open manner. All the settlers were required to sign for goods upon their receipt, and a price-list was kept constantly suspended in the store.

"That they believe it would conduce to the progress of the settlement if the present director were relieved from his charge thereof, and that any further expenditure of public money on the Karamea Settlement should be under the control of the Buller County Council."

A.—Now comes the object of the petition. The Buller County Council are evidently desirous to obtain control of any further expenditure, but if they do not make better use of it than they are now doing with the county funds, it will prove of little service to the district or to the settlers. In accordance with my instructions, I have made it known that the Colonial Government would limit the expenditure to the vote of last session, and that my connection with the settlement would, in all probability, end in October, 1877, as by that time the vote would be exhausted. The settlers have been persuaded that my services were then to be dispensed with, but that £1,000 would be spent by the Government through the County Council. In this way some of the settlers, with an eye to the future, have carried favour with those who were supposed to be my successors. If the Government determine upon expending any further sums upon the Karamea Settlement, the expenditure should, in my opinion, be under the control of some officer responsible to them, as I believe that, if done in that way, it will be more fairly and advantageously distributed.

"That the subsidizing of a steamer to call periodically at the port, and the outlay of a moderate sum of money on public works within the Karamea District, will make the settlement a success."

A.—I have previously recommended that a steamer should be subsidized to call at Karamea regularly after the 1st January next (*vide* my report of 13th April, 1877). The Karamea will never be a success while the settlers' minds are disturbed by persons seeking only selfish objects, regardless of the interests of the community. A very little assistance, if judiciously given, will be sufficient to help many to a comfortable and independent position. I propose giving my views to the Government, if required, in as full a manner as possible with regard to future management.

EUGENE O'CONNOR,
Government Agent, Karamea.

APPENDIX B. 2.

THE following questions in connection with the administration of the Karamea Special Settlement are referred to Mr. Scanlon, to be good enough to furnish replies:—

11th October, 1877.

A. MACKAY.

1. Please explain your position and duties while in the Government service at Karamea, and furnish the date you were first engaged?

2. Is there any truth in the statement that the settlers were unable to ascertain the date of their accounts, as to the amount earned for labour done, and the amount due for provisions, &c., supplied them?

3. Was any difficulty experienced in getting the settlers to work when indebted to the Government?