

4. Please explain the system followed with regard to the issue of provisions from the store, and the principle upon which employment was given?
5. Was the Government store kept fully supplied with provisions at all times; if not, please explain circumstances under which the stock ran short, also if any serious distress prevailed in consequence?
6. Were the provisions sold at moderate prices?
7. Were provisions refused at any time to settlers; and, if so, for what reason?
8. What restrictions were placed upon the issue of supplies, or extent of credit allowed to settlers?
9. Please explain the circumstance under which dairy cattle were sold to the settlers, and the part that Mr. O'Connor took on such sales?
10. Were you aware at any time of settlers or others being unable to bring cattle by the steamer to Karamea; if so, please explain under what circumstances?
11. Under what circumstances did you leave the Government service at Karamea?
12. At the time of your leaving, was it generally understood that the affairs of the settlement were to be wound up?

Mr. SCANLON to Mr. A. MACKAY.

SIR,—

Cuba Street, Wellington, 12th October, 1877.

I have the honor to forward you herewith, annexed to your memorandum, the following statement relative to the Karamea Special Settlement, and the position which I held under the Provincial Government.

1. I held the position of overseer and local officer in charge of the settlement under the Nelson Provincial Government. I was engaged and entered upon my duties on the 19th of April, 1875; left the settlement on the 8th of October, 1876; but remained in Nelson in the service of the General Government until the 16th of January, 1877.

2. No; the settlers had ample facilities of ascertaining the state of their accounts, for not only was the storekeeper supplied with a list showing their balances monthly, but, on every occasion when they required me to do so, I went over every item of their accounts with them, in order to explain exactly how their accounts stood. This was not a very easy task, as some of them can neither read nor write, and besides are very suspicious.

3. Yes; many of them gave great trouble in that way. Not only was it found difficult to get some of them to work, but when at work, particularly when on the Little Wanganui track; it was equally found difficult to keep them at work when there, notwithstanding that they were allowed very high prices. Almost every week, on one pretext or another, they would leave the work and return to Karamea, until at last recourse was had to stringent measures, and notice was served on those who were the worst that their credit at the store would be stopped unless they remained at work; and then a regulation was made that settlers in debt would not be allowed to receive from the store goods for more than half their earnings until the debt was paid. Nearly all the settlers could have been in a much better position than they now are had they chosen to keep steadily to work.

4. In the first place stores were issued from the store with but slight check, in order to give settlers everything they wanted to start with; afterwards, when the characters of the settlers became known, some who were inclined to extravagance were limited. In a few cases of settlers who were looked upon as deficient in principle a close watch was kept, and stores limited to actual necessities. The stores were issued by the storekeeper, who took a receipt upon delivery. From this receipt I formed my day-book; a duplicate of the receipt was handed to the settler, and the receipt forwarded to Nelson. Employment was given in the most free and unrestricted way to most of the settlers, nor was it ever refused except to some who had accumulated balances to their credit in advance of their requirements. The principal difficulty was found in getting settlers to work.

5. Yes; the Government store was always fully supplied during my time with necessities; other articles would sometimes run out, but no notable inconvenience was ever suffered in consequence.

6. Provisions were at very moderate prices notwithstanding the extra expense. The prices of leading articles were mostly under Westport prices, and no charge made for delivery, which, in some cases, incurred much expense.

7. Provisions were never refused to any of the settlers, although sometimes notified that they would be, in order to get them to work.

8. At first, none. Afterwards credit was limited to suit different cases, the lowest limit of credit being £20, the highest about £60. A few were as high as £75.

9. Dairy cattle were supplied to the settlers on private arrangements by Mr. Dolphin, and if they had not the money to pay for them they were entered through the Government books upon Mr. O'Connor's approval of the price charged. When Mr. O'Connor thought the price too high, Mr. Dolphin had to reduce. In other instances Mr. O'Connor bought cattle for settlers, and brought them down in the steamers.

10. No. I am aware that persons in and outside the settlement had every facility to bring down cattle to Karamea.

11. I left the Government service in consequence of being informed by Mr. O'Connor that I was required in Nelson, and also the settlement being about to close, the services of an overseer would not be required.

12. Yes. Mr. O'Connor informed the people at Karamea that the balance of the money to be expended was almost exhausted, and that he was instructed to wind up the affairs.

A. Mackay, Esq., Government Buildings.

I have, &c.,  
P. SCANLON.