

APPENDIX B. 3.

PARTICULARS of questions submitted to Mr. O'Connor in *re* administration of the Karamea Settlement, with his replies:—

1. Please explain the nature of your present position in regard to the Karamea Settlement, the amount of remuneration you receive from the Government, and whether it was not understood that you were at liberty to attend to your own private affairs while engaged in winding up the settlement?—I occupy the position of an Agent for the Government at Karamea, for the purpose of winding up the affairs of the settlement, with a view to carrying out the intentions of the Government, as expressed to me by the Hon. the Premier and the late Executive Officer for the Nelson Provincial District—*i.e.*, to expend the balance of the sum appropriated for the purpose of establishing the settlement in the most advantageous way possible, and to realize the assets with the distinct understanding that the expenditure was not to exceed the vote and proceeds of the sale of assets. The salary I receive is only £15 per month, with a travelling allowance of 10s. per day. The only condition affixed to my appointment is that I should visit the settlement once each month. I am quite free to enter into any trading or other transactions upon my own account; my engagement being only to do certain specific work.

2. Was there anything in your arrangements with the Government for winding up the affairs of the settlement that debarred you from taking part in trading transactions there, should you deem it advisable to do so?—Nothing whatever; indeed it was understood that I was about doing so when the appointment was made.

3. Is there any truth in the assertion made by the memorialists that you have an interest with Mr. Dolphin in the store?—The assertion is a deliberate falsehood.

4. Can you explain the reason why Mr. Dolphin, on being requested by the settlers to supply them with stores, or sell them cattle, stated he must first consult you?—Mr. Dolphin could perhaps answer the question better than myself; but I believe that on some occasions he may have made the statement to avoid refusal in more direct terms, and on other occasions in order that he might ask me how the applicant stood upon the books, as I generally refused to pass to Mr. Dolphin's credit the amount of sales made of cattle by him to settlers unless the settlers in question had earned the money.

5. Do you own any of the cattle now running at the settlement, or have you any interest in them?—I own no cattle running at the settlement. I have five head of cattle running on my own property at Maori Point, and about forty up the Wanganui River, twelve miles from the settlement. I had no cattle at all in the district until towards the end of last July.

6. What was the motive for paying the settlers employed on public works with provisions in place of cash?—The question may be answered by saying that the payment for goods was for the most part made in labour. When the settlement was first formed the settlers had to be provided with clothes, food, cooking utensils, and tools upon credit, and their wives and families maintained in the *depôt* at Nelson until the settlers had built houses for their accommodation. There was no store at Karamea, consequently the Provincial Government, under whose charge the settlement was formed, were compelled to establish a store to insure provisions and other necessaries to settlers. Afterwards, when the settlers were found to be in debt for their outfit, it was necessary to provide them with provisions until they worked off the old score, and so it went on. The Provincial Government were averse to keeping the store, but no private persons would take it without a guarantee, which the Provincial Government were not in a position to give, as the business of the store was principally in supplying settlers on credit, in order by degrees to work off their debts. Little or no cash was paid for work, as the settlement was formed to assist emigrants in making homes upon the land. The store was supplied with necessaries at a reasonable price, and no more work given than secured the object in view. When cash was paid it was either for some urgent matter that could not be otherwise provided for, or in consequence of the party claiming it leaving the settlement and withdrawing his balance. It is only very lately that any of the settlers ever applied for cash for their work, and then the applicants were indebted to the Government, and evidently wanted the money to avoid settling their accounts.

7. Was the Government store offered to any person outside the settlement, or to any one else within the settlement, besides Mr. Dolphin; if not, please explain the reason?—The Government store was offered by me to a great many persons both at Karamea and outside, but the terms of sale seemed to prevent the persons I asked from entering into the speculation. The terms upon which I offered the store were that the building should be taken at a valuation, and the balance of stock at Nelson cost, with freight added, offering no guarantee as to trade or tenure, and reserving a small store upon the wharf for Government use in case it was decided to send provisions to the settlers after the store would be sold.

8. Was stock taken of the goods before the store was sold, and what was the gross value of it?—Stock was taken of the goods in store before the store was sold; the gross value estimated at £150.

9. Upon what principle were the several values fixed?—The value was fixed upon the basis of cost, allowing for deterioration where any existed, or for wear and tear.

10. What amount did the building and store realize, and was the sale hampered with any conditions that would deter persons generally from purchasing it?—Mr. Dolphin made alternative offers to me, which I submitted to Government. One was for a certain price, with rental for the ground upon which the store stood; the other was the offer which I was instructed to accept—namely, £50 for the building, and balance of stock at Nelson cost prices. After the authority had been received, I improved upon the price by obtaining Nelson cost and freight as well. Previous to the sale, Mr. Dolphin undertook to sell at moderate prices, and to refrain from selling fermented and spirituous liquors; he is also subject to six months' notice, under which he is compelled to move the store. Mr. Dolphin was made aware that the Government sold no good-will, nor gave him any guarantee as to trade; on the contrary, I explained to him that probably the Government would send down provisions as heretofore in payment for work to settlers. He bought the store to use as a butcher's shop, with the intention of keeping stores for persons outside the settlement.

11. Was Government apprised of Mr. Dolphin's offer, and was it approved?—Mr. Dolphin's offer was submitted to Government and accepted.