

the settlement, and make any inquiry that might be deemed necessary. I draw attention to this because it has been imputed to me that I endeavoured to impress on the Government that no inquiry was needed. I put in the actual correspondence which passed. [App. Journals H. of R., H.-28A., 1877.] In the Hon. Captain Fraser's speech there are several statements which are incorrect. I felt my mouth tied in Parliament from replying, as Government had decided to appoint a Royal Commission to inquire into the whole matter. Captain Fraser refers to Big Bay: I suppose he meant Smooth-water Bay. The persons he refers to were advised not to go to the part of the settlement which they took up, but persisted in doing so in spite of all remonstrance. Captain Fraser says, "It depended on Mr. Macfarlane whether settlers got work or not, and they did not get paid for it, for no one in the settlement had seen the colour of money for two years." That is also incorrect. The returns of work done can be shown from the settlement books, and these will show the amount which each settler had allotted to him. The payments were in the first instance made in cash, cash being sent down to the settlement for the purpose. The settlers complained of being paid in cash, and requested to be paid by cheques or orders, as the easiest means of transmitting money; and, though it might have been more convenient to have paid in cash, so far as the Government were concerned, a system of orders upon the Treasury was adopted; the Government considering it a reasonable request, and also feeling the undesirability of having a large sum of money lying in a place so far removed from other places, and for about eighteen months without any police protection whatever. The settlers, during the time I had charge of the settlement, were not paid by orders on the store, but by orders on the Provincial Treasury. We are also told that the Italians complained bitterly of their treatment. In reply to that, I would state that a copy of a letter forwarded by the Italians at the Okuru to their Consul in Melbourne was forwarded to me, and, in that, they expressed themselves well satisfied with the manner in which the promises of the Government had been carried out; and the only complaint stated was that some of the butter was not very good, and that the meat was not of the primest quality. The Hon. Captain Fraser further refers to one of the Italians who told him he had eight children, and asked him how he could maintain them. The only person I can think of with such a family was Carlo Turchi, who was one of the delegates previously referred to, and was thoroughly conversant with the settlement before he went. There was a further statement about two girls, but Captain Fraser afterwards stated that he had been misreported. The way in which the amounts to be advanced to settlers were to be secured was, that in the regulations it should be a condition that the amount of the store debt should be a liability on the land, and that no Crown grant should issue until the amount due to the Government either for stores or part payment for land was cleared off. Mr. Macfarlane took as much as people could afford, and in paying would draw one cheque to be sent up here, and keep the other for the balance to be remitted on store account. The chief causes retarding the progress of the settlement were—(1) The failing to send the classes of persons originally intended to be sent; (2) the inability to get sufficient private enterprise and capital to start local industries within the settlement; (3) the refusal of the Government, when this was ascertained, to assist by means of furnishing the plant for saw-mills, which would have been the main industry in a country such as that—viz., the timber. Another was the two years of exceptionally wet, bad weather which prevailed in this part of the colony. The settlers lost their first and second crops; but this was being gradually overcome by the increase in the quantity of stock which was being fattened in the settlement. The returns for 1877-78 show an increase in population of 35. Stock increased from 83 to 278. The absence of wharf accommodation is now acting very prejudicially against the settlement. Another and very important feature is the want of communication, even by track, from the Paringa to the Haast, about some twenty miles. It is impossible for either men or horses to get along the sea-beach for that distance, and, now that the track is open across the Haast to Otago, this twenty miles is the only barrier to horse communication from Nelson to Otago. That is the only link which a horseman cannot travel. I may also say that for many years good gold has been got by a few parties in the country this track would traverse; but the difficulty and expense of conveying provisions has prevented its being properly prospected. These, I think, are the principal drawbacks to the progress of the settlement. Notwithstanding all the disadvantages and the prejudices against the settlement, I believe a very great public good has accrued from its formation. A depôt has now been created, from which men can work both north and south without endangering their lives from starvation or drowning. Stock has been introduced; and one industry—sawing timber—has been established, and a start has also been made to utilize the large quantity of limestone which exists close to the bay. From the settlement, exploring parties have discovered what promise to be important industries to the colony. I refer to the Dusky Sound copper mines, and the Caswell Sound marble quarries, the discoverers of which both started from Jackson's Bay. I think, when the Government do not undertake to give employment, 250-acre blocks might be given to intending settlers, on a deferred-payment system, but I think the present settlers ought to have a like opportunity afforded them. I have no doubt about the progress of the settlement, especially with the track referred to, and the completion of the jetty.

W. Mayer was sworn as interpreter.

FRANZ MAX sworn and examined.

[An affidavit, published in the *Hokitika Evening Star*, dated 27th February, 1879, was read to witness.]

The statement contained in that is correct. I do not think I made oath when I made the statement. It contains my whole charge against Mr. Macfarlane. The book referred to I have at home.

JOHN TOBIEN was sworn and examined.

I say that £6 too much has been charged against me. I produce my book. This amount was for the rent of one section: I occupied the section one year. I and my son occupied two sections of ten acres each, at £6 per annum, or £3 for each section. I have paid £6 twice. I occupied the land one