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NEW ZEALAND.

## WASTE LANDS COMMITTEE

(MINUTES OF EVIDENCE TAKEN BY THE, ON CLAUSES OF THE LAND BILL AFFECTING THE ADMINISTRATION OF PRIMARY AND HIGH SCHOOL RESERVES OF OTAGO.)

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THURSDAY, 6TH AUGUST, 1885. (Mr. O'CALLAGHAN, Chairman.)

Hon. W. H. REYNOLDS, M.L.C., examined.

1. *The Chairman.*] Mr. Reynolds, it has been proposed to transfer the administration of the primary- and high-school reserves of Otago to the Waste Lands Board of Otago, on the ground that the reserves would be better administered by that Board. You are one of the Commissioners for Otago, and therefore you have been asked to give evidence before this Committee. Some members of the Committee who are opposed to the proposed change have thought it desirable that you should be heard on the subject, with a view of obtaining information as to the validity of the changes—whether it would or would not be deemed advantageous to interfere (first) in the interest of education, and (second) at the same time to promote the interests of settlement. Will you state this?—The Otago Commissioners consist of the Commissioner of Crown Lands for Otago, the late Commissioner of Crown Lands for Southland, the Hon. Dr. Menzies, Mr. A. C. Begg, and myself; and I may say, without appearing at all egotistical, that the public of Otago have the utmost confidence and faith in the Commissioners, and that the Commissioners (I think the whole of them) have been acting in this capacity from the introduction of “The Education Commissioners Act, 1877.”

2. The same Commissioners?—I think so: I do not think there has been any alteration, but I could not be quite certain. The Commissioners have taken a vast amount of trouble in the performance of their duties, without the least remuneration. They, however, have the satisfaction of knowing that they have been faithfully performing their duty in the trust they held for the public. There has been no fault found with the Commissioners as far as their action is concerned; but there has been interference with their functions on the part of the Government, which has prevented them from acting as they otherwise would have done in the interests of settlement and for the best of the trust. A few discontented persons, who knew that there is an overriding power on the part of the Government, sought concessions which the Commissioners could not at once agree to in the interests of the trust and of settlement. Such persons are sure to go to the overriding power and try to get their views carried out. I feel very well assured that if you take the people of Otago as a whole you will not find any, excepting a very small number—a few dozens of people—who would be opposed to the action of the Commissioners. The object of the Commissioners has been, in the first place, to secure a fair revenue for these reserves, not forgetting that it was also their duty to encourage settlement to the utmost possible extent. They have not looked so much to getting a large revenue as to getting the country settled. I do not know that I have anything further to say; but I shall be very glad to answer any questions if there is any further information wanted.

3. *Mr. Macandrew.*] You say the functions of the Commissioners have been interfered with—that they have not been able to perform their functions with satisfaction to the Government?—Yes—with satisfaction to themselves and the public.

4. Would you state specifically to what you allude?—We have tried to lease these properties up to 1880 or 1881—I am not sure which—but we found it was impossible to do so. People did not want leases; they wanted freeholds. Then we applied to the Government with a view to getting a Bill introduced to enable the Commissioners to sell portions of these lands on deferred payments and for cash. We pressed this for a considerable time—I think two years—before effect was given to our wishes. All this time there was delay, and dissatisfaction that the Commissioners could not settle the land satisfactorily.

5. You have got reserves in the Waikaia District; and I understand one of the chief sources of trouble to you is that you have advertised these reserves to be leased in such a manner as to hold out inducements to any one man to obtain the whole. Can you explain that matter?—We applied to the Minister of Lands to be allowed to have the land put up for sale—I think it was two-thirds on deferred payments, and one-third for cash, but as it is so long back I cannot be certain of the

exact proportions. The Minister objected to this, however, and insisted that one-third should be let on perpetual leases. Now, the whole of the Commissioners at that time were opposed to letting on the perpetual-leasing system, more especially as it was found that it was not the desire of the people to take the lands on these leases. The objection to the system was that one section of people would take up the land under these leases, considering that in a few years they would be able to obtain the freehold. Then others, again, would take up this land, get three or four crops off it, and then throw it on the hands of the Commissioners. Those were our opinions upon the system of perpetual leasing.

6. Upwards of sixty sections were offered by you, and one inducement held out was that personal residence was not required, and that there was to be no limited area to any one person?—That is in accordance with the law.

7. Had this land been offered previously?—It had been frequently offered.

8. And it still remained on your hands?—Yes; we could do nothing with it.

9. *Hon. Mr. Rolleston.*] Under which Act was that?—Under “The School Commissioners Act of 1878,” under which the Commissioners held these properties.

*Hon. Mr. Ballance:* But you were not compelled to sell or lease under that Act.

10. *Mr. Macandrew.*] I understand, then, that the Commissioners have powers under that Act. They were acting within the letter of the law?—Undoubtedly.

11. And I suppose one of the chief objects in holding forth such liberal conditions was to get the land settled?—Yes. Having failed to get the Government’s assent to the proposition we had made, we had to fall back on the powers we possessed.

12. How many of those sections were taken up? Were they all sold?—Oh, no.

13. So that, then, those apparently liberal conditions did not entice people to take the land up?—No, they did not.

14. *Hon. Mr. Ballance.*] I suppose the best were sold. Oh, no. I think there were only five out of the lot sold.

15. *Mr. Macandrew.*] It would appear from that, then, that there cannot be a very great number of applicants for land, or else the terms were not inducing enough?—The land is good, and I believe it could be sold on deferred payments or for cash.

16. *Hon. Mr. Rolleston.*] I should like to continue Mr. Macandrew’s questions. When the lands were put up on perpetual lease, were they not sold?—Some of them. I do not know how many.

17. A large proportion?—Well, I cannot exactly say. You can get full particulars from the papers in the Land Office.

18. Well, will you tell us whether this is not a true statement, appearing in the Appendices, Vol. 1, Session I., 1884: “Those reasons have acquired additional strength from the fact that since that date the course that has been pursued in setting aside a proportion of Crown lands and education reserves to be dealt with under the system of perpetual leasing has met with marked success, the amount of sections which have been taken up in this way being as follows: 132 sections, with an area of 23,196 acres”?—That does not refer to the Otago Education Reserves.

19. Not altogether; but generally, in that district?—In which district?

20. In the Otago and Southland district?—I cannot say that it is true. I do not believe that it is. I do not know what has been taken up. Here, in the Manawatu District, and also at Patea, from rumour, I believe a number of sections have been taken up.

21. *Mr. Macandrew.*] That statement applies to the whole of the colony?—I think it does.

22. It does not apply to the land under your jurisdiction?—No.

23. *Hon. Mr. Rolleston.*] Do you assert that no considerable proportion put up was sold?—There were a good number of high-school reserve sections taken up under perpetual lease. The purchasers have since insisted on a reduction of rent, and have further insisted on the High School Commissioners making roads to and within the blocks so leased.

24. Are you speaking from your own knowledge?—Yes. I am a High School Commissioner, and I know perfectly well what has taken place at the High School Board. The purchasers have petitioned the Board to make the roads: they look upon it as a matter of right, and require that the Board should carry out what the tenants consider to be their functions—that is, to provide them with roads.

25. *Mr. Macandrew.*] Then you assert that out of funds set aside by the Legislature the tenants are moving Heaven and earth to get roads made?—Yes.

26. *Hon. Mr. Ballance.*] You say there is a probability of people taking up land under the perpetual-leasing system; but you seem to think a great many would take the land with the object of ultimately getting a freehold?—Yes.

27. Well, would that not be an inducement?—Yes; but they are doing it dishonestly, as people who are looking forward to ultimately gaining a march upon their neighbours by taking up land on lease with a view of, by a sidewind, obtaining the freehold—by applying for a lease with a view of subsequently bringing pressure to bear on the Legislature to get a freehold. I think such a system is vicious, and should not be encouraged by the Legislature.

28. But that would be legitimate. You would get the settlers ultimately. You say they would not take up in leases?—Honest men would not do so, and they would therefore be placed at a disadvantage.

29. But is there anything wrong or unconstitutional in a man trying to get the law altered to suit his class?—I think there is, seeing the man repudiates an engagement he enters into *bonâ fide*.

30. That is not repudiation. You say that your object was not so much revenue as settlement?—Yes.

31. Do you not consider that, as trustees for a particular purpose, your first duty was to make the most of your trust?—Yes, to get a fair revenue; but at the same time to benefit the colony as well as the trust by securing *bonâ fide* settlers.

32. Yes; but I am talking about the Board of Trustees. Their first duty was to improve their trust?—Yes.

33. In what way, then, had you the duty thrust upon you to look after settlement?—It was in the interests of the trust to get the reserves settled.

34. In order to get the most revenue?—In order to get a fair revenue. I do not believe in getting the very utmost revenue out of settlers, but in getting a fair price—a price people can afford to pay.

35. You say the public of Otago have the utmost confidence in the Commissioners. What proofs have you of that?—Because I have never known any fault to be found with them except where, at the instance of the Colonial Government, their action has been handicapped.

36. But have people been satisfied in Southland—for instance, in the Waikaia district?—Well, there is sure to be a great amount of dissatisfaction, especially when the Minister comes down and says to the people, “Oh! never mind the Commissioners. I am the supreme being.” That was the way the provinces were destroyed by the Parliament interfering. [Here the witness was reminded that he was digressing.]

*Hon. Mr. Rolleston*: I hope this will be taken down.

37. *Hon. Mr. Ballance*.] Do you consider that as trustees for education reserves you were acting within your duty in trying to alienate your trust—the reserves?—In trying to alienate them?

38. Yes?—Yes; I consider it was quite right in the interest of the trust and settlement, providing that we invest the funds for the purposes of the trust.

39. And do you think that the original intention of Parliament was to have these reserves alienated?—No. The original intention when these reserves were made was not to sell them.

40. Then you are not carrying out the original intention of Parliament?—I am talking about the original intention. The intention was to hold them as perpetual reserves, but that they should not interfere with settlement.

41. But that is your own view?—No, that is the original view.

42. It is quite clear from your own admission that you are not carrying out the spirit of the trust. The object was that the reserves were to be held in perpetuity?—But the law has been altered since then to enable the trustees to otherwise deal with them, and to invest the proceeds for the benefit of the trust.

43. I do not agree with that at all?—But according to law there is power of sale.

44. I do not think you have that power. It is quite clear you have the power to carry out the original intention of the trust; but you are not carrying it out. You have power to give a perpetual tenure?—No; not by the original Act under which the reserves were made.

45. Not a perpetual lease?—That was never intended when the reserves were made.

46. I thought you said it was?—No.

47. What do you mean by perpetual tenure?—I never said that. I said “to be held in perpetuity.”

48. Yes; the property was originally intended to be held in perpetuity?—That was my intention, as one of the original founders of the trust.

49. Why have you changed your opinion?—I see I was in error then. It is not in the interest either of the trust or of settlement that they should be so held.

50. *Hon. Mr. Rolleston*.] Why not?—Because the people want to acquire freeholds. You will never satisfactorily settle the country by leaseholds.

51. *Hon. Mr. Ballance*.] Did you not think it worth your while to give the system a trial, so that you would have had experience of it?—The High School Board gave it a trial, and I have had sufficient experience of it.

52. Then you consider the best way to settle the country is to sell land without any conditions of settlement?—No. I did not say so.

53. But you have done it at Waikaia?—Because the Government would not allow us to sell two-thirds on deferred payments and one-third cash, we had therefore to fall back on the powers we possessed without Government interference.

54. *Mr. Macandrew*.] Then you were forced into an objectionable course by the Government?—Of course. We were told by the Minister of Lands that we must either agree to let one-third under perpetual leases, or that we must lease them under the Act of 1878. We offered, as I have already said, to sell two-thirds on deferred payments and one-third for cash.

55. *Hon. Mr. Rolleston*.] You wished to avail yourselves of one clause of the Act of 1882; but when the Government wished to say that it was only fair that you should take the whole provisions of that Act, you said, “No; we will only take that part that pleases us, and nothing more?”—No. I did not say that at all.

56. But it is a question of a matter of fact. Did you not say you would not take that portion of the Act enabling you to lease?—Not at all. We said, “We are here to administer the estate in the interest of the trust.”

57. But you refused one portion of the Act?—We said, “We are here to administer this estate. We can best administer it (as I told you) by sales on deferred payment and for cash.”

58. Did not the Legislature say——?—No; the Legislature did not put any compulsion on us to grant perpetual leases. It only said we might do so. It was optional.

59. Did not the Legislature intrust to the Government of the day the general control of the Land Act if you chose to come under it?—If you show me the Act I will tell you.

60. I have not got the Act here, but you surely know the Act. The Legislature said the Government might do certain things. The Governor had the administration of the Land Act, and if they chose to come under it the Governor's control ended?—I know perfectly well that it was never supposed—in the Legislative Council, at any rate—that the Government was to interfere in the administration of the trust, and say the Commissioners should not use their own judgment; provided, of course, that in doing so they did not sacrifice the property.

61. *Mr. Macandrew.*] Well, Otago lands were sold at £2 10s. per acre, subject to 10s. being expended within a given time. Had any one subsequently got the law altered so as to dispense with the conditions?—Under the Land Regulations of 1856 the price of land was fixed at 10s. per acre under condition that £2 per acre should be expended in improving the same within four years. A large number of people took up as much as they thought they could improve. Others, again, took up as large quantities as a speculation, and at the general elections in Otago, at which I was a candidate, every Otago candidate excepting myself had to pledge himself to get those conditions repealed, and titles to be issued.

*Mr. Macandrew.* : I do not agree to that at all.

62. *The Chairman.*] It was an expression of public opinion at the time?—Yes. What I am sure of is that deferred-payment settlers, so soon as they are numerous enough, will endeavour to get their lands without paying a single penny beyond what they may then have paid in rent. And unless you insist on the Act being carried out the honest purchasers will be the sufferers. In fact, this perpetual-leasing system will have the effect of making every man a rogue who comes under it.

63. *Hon. Mr. Rolleston.*] How are the proceeds of these sales invested?—In freehold security—on mortgage of freeholds.

64. On mortgage only?—Yes.

65. What supervision is there of this mortgaging?—The Board supervises.

66. Have any of these mortgages been unsuccessful?—Not one. A large proportion of them are on the land that has been sold. It is the same with the High School Board.

67. Will you state the expense of this department? What do you pay in salaries?—I could not say at the present moment. I do not know. The expenses are not very heavy. There is one thing I might say: the Board gets nothing.

68. On what scale do you base the travelling expenses?—There is only one who gets travelling expenses, and that is Mr. Pearson, the Commissioner of Crown Lands for Southland.

69. On what scale is he paid?—He is paid the railway fare and, I think, a guinea a day.

70. Though he is a salaried officer?—Yes.

71. Are there any other travelling expenses?—None.

72. Do you know the total sum paid for travelling expenses in any one year?—Yes.

73. For 1882, £71 8s. 10d.; 1883, £78 10s. 4d.; 1884, £52 4s. 6d.; 1885, £39 13s. 10d.?—But that also includes the travelling expenses of the Secretary. He has to attend auctions occasionally, and in case of disputes, valuation of improvements, and to ascertain the exact wishes of the settlers.

74. Then you are not aware of the expenses of the department?—I have not got the books here.

75. Could you not say?—I could not. The annual report in the hands of the Government will show.

76. Three, four, or five hundred pounds?—I think the whole expenses would not amount to £400.

77. Do you know the amount of the Secretary's salary?—I do not know. I think it is £200 or £250 per annum.

78. At these auction sales do you pay the commission?—Yes. It is a very small one. I could get the exact amount in Wellington.

79. The expenses of surveyors—who takes them?—The Government.

80. The general administration is really carried on by the Government?—By the Survey Department. That is for the convenience and advantage of the trusts. The Chief Surveyor takes in hand the surveys.

81. Would you not prefer that the Trust should pay?—The Trust does pay.

82. Well; but the time of the Commissioners?—The time of what Commissioners?

83. Mr. Maitland and Mr. Pearson?—If they are to be paid, why should not the other Commissioners be paid for their time? None of them are paid. I do not see why, if they—Government officers—are to be paid, we should not be paid also.

84. The object of my putting these questions is to show that the extra expenditure might be carried on by the department?—There is a difference of opinion about that.

85. *Mr. Cowan.*] In the Land Bill, now before the Committee, there is a provision making it compulsory that 5s. per acre of the proceeds of all lands belonging to reserves should be paid over to the County Councils for road-making. Are you in favour of that?—It is not in the Bill.

86. We propose to put it in?—There are several clauses I should like to see in the Bill. I am in favour of a certain proportion of the funds derived from the sale of these lands being devoted to opening up lands for the benefit of the country—say 5s. an acre.

87. Then you are in favour of the proposal?—Yes. We had no power to do so hitherto, or we should have done it. I can point to a case where the High School Board of Governors and the School Commissioners stretched a point and undertook to give certain contributions for making roads to open up their own lands before sale.

88. It was done optionally?—We have not had the power to do it. It is a question whether we had legal power to do it.

89. You abandoned the leasing system in favour of the freehold. But there is a clause in the Act which provides that purchase can be made within six years?—That does not apply to these reserves, but to land outside goldfields.

90. But this Waikaia land is within a goldfields district. Would that get over your objection to the leases?—Well, I should like time to consider it. I think it would if it is so. I do not think it would be so objectionable then. But that section to which you refer does not apply to this land at all: it applies only to lands outside of goldfields districts.

91. *Mr. Lake.*] I understand you to say, in answer to the questions that have been put to you, that your objection to the perpetual-leasing system is founded on the fact that you, as a business

man, chose to administer these reserves in accordance with your ideas as a man of business, and apart from "fads"?—Certainly.

*Hon. Mr. Ballance*: In other words, Mr. Reynolds preferred his own "fads" to the "fads" of the Minister of the day.

92. *Mr. Fulton*.] Mr. Ballance has pressed you, Mr. Reynolds, upon the question whether as a Commissioner you thought your first duty was to promote settlement or to conserve the interests of your trust by acquiring a large revenue. Now, is it not a fact that it is the best interest of the trust to promote settlement?—Yes, undoubtedly.

93. Would you not by that means secure *bonâ fide* settlers—men who would pay their way, and therefore men from whom you would more easily secure a revenue?—There can be no question about that. If you overtax people, and endeavour to secure too large a rent from them, they will not take up the land, or, if they do, they will not be able to hold it.

94. Is it not the case that, recognizing the way in which the settlement and sale of land in 1856 were conducted, you feared that such a system as proposed by the late or present Minister of Lands would also be taken advantage of by schemers?—Yes, certainly. Honest men would be the losers.

95. Is it not a fact that a great many persons took up land in the past, intending to fulfil the conditions?—Yes.

96. And that many took up land, never intending to fulfil the conditions?—Yes.

97. And it is, you say, because you fear something of that sort that you oppose this perpetual-leasing system?—That is exactly what I intended by my reply.

98. Then you are asked why you departed from perpetuity. Have you not been obliged to depart from it by the clamour for settlement in the district?—Yes.

99. That is the only reason you have parted with the leases?—Yes.

100. What would you be willing to do—give lengthened leases with a valuation for improvements?—Certainly, as regards pastoral lands; but the people will not have leaseholds for settlements. They want freeholds.

101. With regard to the high-school reserves, you are a member of the Board, and know the way in which the high-school endowments were administered?—Yes.

102. Have there been any complaints about the administration of these endowments, except to obtain concessions?—There have been no complaints, excepting that, as you say, the purchasers who have taken the perpetual leases are now clamouring to get the rents reduced, and wanting that the balance should be devoted to making roads on the block.

103. Mr. Cowan asked you about the proposal to expend 5s. an acre on roads. As a matter of fact, at Wyndham, in Southland, have not the High School Board already devoted a considerable sum of money to that purpose?—Yes; I should say far more than 5s. an acre on the sales.

104. Have they not also devoted some money to opening up lands in the Strath Taieri?—Yes.

105. Then, do you think the High School Board have done anything since to lose the confidence of the public as far as administration is concerned?—Certainly not. I know that they are much more popular than the Minister of Lands, either past or present.

*Hon. Mr. Rolleston*: That is a statement which ought not to be made.

*The Chairman*: It is merely an expression of opinion.

106. *Mr. Fulton*.] Is not the only complaint from the Strath Taieri district, from persons who hold perpetual leases?—Yes; they are the only complaints we have had.

107. Are you aware that there is a motion now on the Order Paper of the House of Representatives in connection with this matter?—I am not. I think I have heard of it. I do not believe much can be done by it. It is about getting a reduction.

108. Then do you say that the interests of settlement would not be advanced by handing over the administration of these reserves to the Waste Lands Board, instead of retaining them in the hands of the bodies now administering them?—I am convinced of this: that it would be unwise to disturb the bodies administering the reserves. The trustees have gone to a vast deal of trouble, and have no remuneration. They are business men, and know what they are about. They are as well able to administer the trust as any Board.

109. *Mr. Bruce*.] I understand you to say that, as a matter of principle, you would prefer letting these reserves in perpetuity, in the interests of education, if you found it possible to do so?—It would be preferable, providing would-be settlers would be content with leaseholds instead of freeholds.

110. Then you say there has been a very great clamour for settlement down there?—Yes; on freeholds and deferred payments.

111. Do you not think it would be possible for you to give leases on such terms as to make it advantageous for both of you? I do not speak as an advocate of the perpetual-leasing system, but I think this might be done in some instances?—I do not think it would be for the interests of the trust and settlement if these lands were administered by the Waste Lands Board.

112. You have alluded to the treatment of the land by some of these tenants. Do you not think it would be possible to hedge them with restrictions, as in the case of dealing with private individuals, and make it impossible for them to adopt these courses, as in the Lowlands of Scotland for instance?—Well, this is different from the Lowlands of Scotland. Somehow, they would get over any conditions you can put upon them here.

113. Does it not occur to you that in selling the lands and investing the money in mortgage you lose the unearned increment?—Well, I do not know. I believe the land in the country districts will never be so high in value again as it was in 1880.

114. Do you not estimate that, as the country becomes more thickly populated, the lands will rise in value?—No; because I think they have been at their highest.

115. Then you appear to think that, acting in the interests of the trust you hold, you would sell the lands and invest the proceeds in mortgages?—Yes, as a rule; but we sell only certain

lands. For example, it would be very great folly to sell town lands or lands particularly well situated. Where you can give leaseholds, then it is advisable to lease; but in certain cases it is far better to sell than to lease, and to invest the money in freehold securities.

116. *Mr. J. McKenzie.*] You stated that it was the opinion of the Commissioners that some of the leaseholders would take their leases for the purpose of taking two or three crops off the land and then abandoning it. Have you had any experience of that in any way?—No; we have never given the chance. But this I know: I have had experience in other parts of the colony, more especially Canterbury, where the land has been worked out.

117. Then, as far as your lands have gone, there has not been any such thing?—We have given no leases except in town sections.

118. Did you not lease any rural lands?—Yes; but not until lately. I think there are four or five leases.

119. Then you had not really had any experience of it being done—of the land being cropped and then abandoned?—No; there has been no chance.

120. Who leased the lands when you advertised them under conditions by which any one individual could take up as many sections as he pleased?—Only three or four, I think.

121. You made a statement to the effect that some of those people leased lands with a view of eventually making them into freeholds. Was that your opinion—that people bought leases of the land with a view of evading the law?—Yes: that they would bring pressure to bear to get their conditions abrogated.

122. Then you state that you were induced to depart from the original intentions of the trust owing to the clamour for settlement?—Yes.

123. Was that a genuine desire for settlement?—I think there was a genuine desire for settlement. I knew four or five purchasers.

124. And if you were allowed to sell they would have bought?—I think so, at that time. I knew one man who brought £1,200, and another who had £1,800, which money would have been expended in the purchase of freeholds.

125. You told us the money you received was invested in mortgage. What do you do with the money (rents) you received for the pastoral lands?—They are a part of the annual revenue, the same as interest.

126. Who invests your money?—The Board.

127. And does the Board look after the securities, or have you an agent?—We have no agent: the Board looks after the securities.

128. Who makes the valuations?—We get the lands valued by a valuer. We charge the purchasers so much for that, and hand it over to the valuers.

129. *Mr. J. B. Whyte.*] Have you been on this Trust long?—From its commencement, in 1877.

130. Then you have had an experience of several Ministers?—Yes.

131. Which, in your opinion, was most anxious to pose as the supreme being?—Those two gentlemen, I think, Mr. Ballance and Mr. Rolleston, especially the latter.

132. Had either of them, in your opinion, shown any particular qualifications for the position?—I think that is hardly a fair question. I could not say.

133. They were all in favour of perpetual punishment or leasing, as it was called?—Yes.

134. *Mr. McMillan.*] Although it has been said that the purpose of changing the management of the reserves is mismanagement, there are other reasons. I was going to ask you if you do not think it would be more economical to have the management in one Board instead of in several Boards?—I do not know that there is any expense attached to this Board.

135. You think there has been no conflict between the interests of settlement and the management of the reserves?—There should be none if the Commissioners were allowed to give effect to their own views without undue interference on the part of Ministers of Lands.

136. But has there been any conflict in the past?—Well, there has been between the Ministers of Lands and the Commissioners.

137. Then, do you not think it is a wrong principle to part with the freeholds of any trust?—It all depends upon the circumstances. At the time these endowments were made it was believed that they should be retained in perpetuity; but the demand for land some years ago was very great, and the settlers in the district said, "Why are not these lands opened up so that we can tax them for making roads?" In fact, they said, "Here are large blocks of two or three thousand acres, and we cannot tax them. They are lying idle, and not utilized either for the benefit of the trust, the district, or the colony, and we have to pay heavy taxes for roads and bridges in consequence."

138. *Mr. Macandrew.*] Do you consider you gave the leasing system a fair trial?—Yes, we did.

139. *Hon. Mr. Rolleston.*] Which leasing system?—Twenty-one years.

140. *Mr. Macandrew.*] That is what I meant—the leasing system of the Act?—Yes—that is, under the Act of 1877.

141. Mr. Rolleston asked you to state the cost of administering these reserves. Could you manage to furnish a correct statement, and say how much would be saved?—It is in the Government offices. The Commissioner of Education could get it for you.

142. Is it true that you have got lands you could not get 1d. an acre for?—Yes—a rental of 1d. an acre.

143. *Mr. J. McKenzie.*] Is that land covered with rabbits?—No, I do not know that it is.

144. *Mr. Macandrew.*] The Receiver of Land Revenue has very little to do. Could he not act as secretary to you, and save a salary?—That appointment is very much condemned by the people in Otago.

145. Why is it condemned?—As unnecessary.

146. Could he not perform the duties of your secretary?—He might do it; but our secretary has just as much as he can do.

147. *Hon. Mr. Rolleston.*] Are you aware of the circumstances in connection with Mr. James Gall, of Switzers, obtaining a run?—Yes.

148. Are you aware that he obtained it illegally?—Yes, I believe so; but that was the only mistake the Commissioners have made.

149. Are you aware that he got that before the termination of his lease, and without competition?—Both of the Government Crown Lands Commissioners who are on the Board made the mistake, and the rest of us concurred in it. We have all admitted that it was a mistake.

150. On the face of it, was it right to let a man, without competition, obtain a section before the termination of his lease?—I do not say it was right. If we erred at all it was an error of judgment, because it was not done to favour Mr. Gall. In the interests of the trust we considered at the time that it was a good arrangement to make. We thought we were acting in the best interests of the trust, but afterwards we had reason to doubt whether we had acted prudently. I think a Commissioner of Crown Lands—or even a Minister—is likely to make a mistake occasionally.

151. *Mr. Fulton.*] As to the expenses of the Education Commissioners. Does the High School Board give anything at all in travelling expenses or allowances?—No. The travelling expenses are only paid to the Government appointee, Mr. Pearson, the Commissioner of Crown Lands for Southland. Of course, if the Government appoint a person in Southland, it is not likely that he can attend meetings of the Board without expense. This expenditure for the most part comes out of one pocket and goes into the other: some of it is paid for the railway fare.

152. *Mr. J. McKenzie.*] With regard to the land you could not get 1d. an acre for, is it not covered with rabbits?—No.

153. Are you aware that the pastoral country has depreciated in value owing to the rabbits?—I am aware of that.

FRIDAY, 7TH AUGUST, 1885.

HON. MR. MENZIES examined.

154. *The Chairman.*] Dr. Menzies, you are aware of the object of asking your attendance?—I have not been told.

155. It has been proposed to transfer the administration of the primary- and high-school reserves of Otago to the Waste Lands Board, on the ground that the reserves would be better administered by that Board. You are one of the Commissioners, and have taken an interest in the matter; and some of the members of the Committee who are opposed to the proposed changes think it is desirable that you should be heard with a view of obtaining information as to the validity of the grounds for the changes—whether they may or may not be desirable, in as far as making the most of the endowments in the interests of education, and with a view to promoting the interests of settlement. Will you give an expression of opinion on the subject?—Upon what particular subject does the Committee wish me to speak?

156. As to the desirability of making these changes—whether they would be advantageous to the interests of settlement and for the benefit of education generally?—[*Mr. Macandrew*: For the interests of settlement and of revenue.]—Well, I suppose as a Commissioner I should abstain from giving an opinion on that point; but I may say this: that the Board of Commissioners have endeavoured to administer these reserves mainly in the interest of beneficial occupation of the land, as well as the increase of revenue received from those lands.

157. And do you prefer not to express an opinion as to the advisability of the changes?—I am not able to see any reason for it.

158. You do not see any good object to be gained?—No; I do not see any good object.

159. Not in the shape of reducing expenditure?—It is possible that the expenditure might be reduced.

160. *Mr. Macandrew.*] Dr. Menzies has said that there might possibly be a gain in the cost of administration by the transfer. Have you any idea to what extent that could be effected?—I suppose the principal saving would be in the salaries of the secretary and the clerks.

161. What do they amount to?—Very small amounts.

162. Do you think that the Land Department would be able to perform the duties without extra assistance in addition to the present duties of the department?—No doubt additional duties would be thrown on the department. I think there would be additional expense in the way of salaries.

163. But the Commissioners pay the salaries now, do they not?—Yes.

164. So that it is as broad as it is long—there will be no saving there?—I do not see that there could be any saving to them.

165. *Mr. J. B. Whyte.*] From what you have observed of the management of lands by the Waste Lands Board, do you think the change would be for the worse to hand the administration over to them?—I do not think the change would necessarily be for the better. The Committee is aware that the Commissioners have power to lease under the Act of 1877, and they also have the power to recommend sales under the amended Act of 1882. The power under the Act of 1877 the Commissioners have exercised without reference to the Land Board; but the power of sale they cannot exercise. They can simply recommend, and, in the event of the Governor agreeing, the Waste Lands Board sells.

166. ~~But I~~ just wanted you to give an opinion, as a settler, whether the Waste Lands Board would be likely to deal more wisely with the reserves?—I should decline to give an opinion.

167. *Mr. Macandrew.*] Great stress has been laid on a sale at Waikaia, where your Commissioners, among other inducements, stated that there would be no limit to the number of sections

any one person might acquire. Was that not an example of unwise administration on the part of the Commissioners? Could you offer any information as to how that was done—whether or not it would be prejudicial to settlement?—Well, the Commissioners thought that in the interest of settlement—beneficial settlement—it would be advisable to sell a portion of these lands; and they recommended a portion to be sold on deferred payments and a portion for cash—two-thirds on deferred-payments and one-third for cash. Under the Act of 1882, they forwarded their recommendations to the Government; but the Government disapproved of the sale of these lands in this manner, and suggested to the Commissioners that one-third should be sold on deferred payments, one-third for cash, and one-third let on perpetual lease. The Commissioners did not see their way to making the recommendations in this shape, and after some protracted correspondence on the subject, when they found that the Government adhered to its decision they took the only alternative they had, in order that the lands might be occupied, by offering to let the lands under the powers they had under the Act of 1877. They saw no wrong in letting the lands under those conditions, if they could be let, although previous experience did not lead them to expect that much of the land would be taken up. And if it was taken up it would be taken up under pastoral lease, and would be available for settlement by freeholders on expiry of lease.

168. Then, what about upwards of sixty sections included in that sale? How many were sold?—No doubt the Committee have access to the advertisement. About a hundred sections were advertised at first, but at a subsequent meeting of the Commissioners it was thought advisable to reduce the number, and I think only about one-third were offered. Of these, I think sixteen were taken up.

169. So that really that feature of it did not prove an attraction in inducing purchases?—The result did not surprise the Commissioners. For two or three years they had been endeavouring to let these lands, without success. Therefore they were not in the least surprised to find such a small number taken up.

170. Do you think, if the administration had been in the hands of the Waste Lands Board the reserves would be in a different position now, or that the lands would have been taken up more freely?—If the lands had been offered for sale I believe a larger number would have been taken up; but the Commissioners had no power to sell.

171. *Mr. Fulton.*] Have there been any complaints made by the public as to the administration of the Commissioners?—There were a few in the District of Waikaiti.

172. In what direction?—In the Commissioners not throwing the lands open for occupation.

173. By what method?—Well, I believe a small number desired to have perpetual leases, but generally there is a desire to acquire freeholds.

174. *Mr. Brown.*] How many Commissioners are there?—Five.

175. How often does the Board meet?—The regular meetings are held monthly.

176. Are there any expenses attached to the meetings—any honorarium?—Travelling expenses only.

177. Do you know the amount paid to each member for travelling expenses, roughly?—Well, all the members do not receive travelling expenses. The expenses amount, I think, to about five guineas for each meeting for any member who receives expenses.

178. Each?—Yes, five pounds or guineas.

179. How many officials are there in the office?—A clerk and a message-boy.

180. *Hon. Mr. Rolleston.*] Is not practically the whole of the work of the Commissioners done by the Commissioner of Crown Lands and the Survey Department? Is not all the practical work of administration done by Government officials?—The chairman of the Board of Commissioners is the Crown Lands Commissioner.

181. *Ex officio*?—No; appointed by the Government. But it is as chairman of the Board of School Commissioners that he does the official work. The work done by the Commissioners under the Act of 1877 is done in the offices; but any work done under the amended Act of 1882 is done by the Land Board.

182. As a matter of fact, is not the preparation of lists of sections, transfers, cutting up lands, and the general work of administration, done by the Lands Department?—It has been as I said. The Survey Department has done work, but not all. Much of the survey work has been let by contract.

183. Is it not true that a considerable amount of feeling exists in favour of maintaining the Commissioners, from a dread of what is called “colonization” of these reserves?—It may be so in some quarters.

184. As a matter of fact, are you not aware that such is the case?—I have heard one or two persons express such an opinion.

185. Do you not think that that feeling would be removed if the position of these lands was clear, and if the public felt assured that the proceeds of each reserve would be distributed to the beneficiaries through the Public Trust Office?—I can hardly answer that question, seeing that I do not entertain the feeling myself.

186. The Commissioners have a good deal of business in connection with mortgages, have they not?—Yes.

187. On what basis do they act?—On the advice of the Board’s solicitor. That is left in the hands of the chairman to arrange.

188. Do you mean that the Board does not take an active part in it?—The particulars are laid before the Board, and the routine work is done by the chairman.

189. The chairman being a Government officer?—Yes—the Commissioner of Crown Lands.

190. What public statement is there of the transactions of the Commissioners in respect to these mortgages?—The particulars are laid before the Press from time to time.

191. Is the Press represented at your meetings?—The representatives of the Press are allowed to be present, but they are rarely present. They have access to the minutes.



192. What responsibility is there in respect to the transactions of the Board with regard to mortgages? As far as you are aware, what check is there on the proceedings at all?—I suppose there is a large moral check. The character of the Commissioners would lead to the supposition that their transactions would be guided by upright principles and by the advice of their legal officers.

193. Is there any audit?—I am not aware that there is any.

194. And do you not think there should be some general means of overlooking the transactions?—No doubt.

195. *Mr. Bruce.*] How long have you been a Commissioner?—Since the first appointment of Commissioners.

196. Do you think that in the interests of education it is better that these endowments should remain in the hands of the Commissioners as at present, or do you think that it is better that they should be vested in the Crown?—The Commissioners have applied these reserves to the best purposes in the interest of education, and also considering the amount of revenue to be derived. The Commissioners have not considered themselves to be occupied solely in the interests of education, but also in the interest of beneficial settlement, as ultimately conducive to the interests of education. I am of opinion that the Commissioners have administered the reserves wisely. That does not extend to Commissioners in other parts of the colony. I do not know what they have done.

197. Then I understand you to say that your own personal experience would not lead you to advocate the change?—I see no reason for making a change.

198. *Hon. Mr. Ballance.*] I gather from your replies that you wished to combine beneficial occupation of the land with the greatest possible revenue for the trust?—I have tried to explain that I consider the beneficial occupation of the land would conduce to the interests of the trust.

199. I suppose your object was to get the best class of settlers?—Yes.

200. Would you have any objection to setting aside a portion on perpetual leases?—The majority of the Commissioners do not consider that a beneficial mode of settlement.

201. Would you not have been likely to get a better class of settlers than under the twenty-one years' system?—Possibly.

202. When you were forced by the refusal of the Government to accede to your request, you considered the powers the Act gave you were such as you would not have acted upon if you had not been forced to it. Do you consider the twenty-one years' leasing system inferior?—I have said that the Commissioners had endeavoured to settle the land in that way for several years, without success. But undoubtedly I should consider it inferior.

203. Only a portion of the land was taken up?—Yes.

204. Then, I understand the department was willing for you to sell one-third on deferred payments, one-third for cash, and one-third to be let on perpetual lease?—Yes.

205. Then, why did you not avail yourselves of this, and sell two-thirds of the land, as you wished to sell it. You were only compelled to settle one-third, and you could have disposed of two-thirds as you had proposed to dispose of it?—We did not want to settle on perpetual lease.

206. For what reason?—We disbelieved in it.

207. Did you believe one-third would be taken up on perpetual lease?—I do not know. As far as I can gather, there appear to be two classes willing to take up land under perpetual leases, the most numerous being of persons who take up land in good faith, with a conviction that the non-purchasing clause will be repealed, and that they will be able to acquire freehold. Another class—the smaller one—would take up leases with a view of getting all they could out of the land—scourging it—and then throwing it up.

208. That is the smaller class?—Yes.

209. Does not that apply to a much greater extent to the present system of leasing for twenty-one years?—I do not think it does.

210. Would a man not be likely to do so under that system?—No; I do not think so. He would have no security for his continued occupation under the perpetual lease.

211. Why?—Others might give a higher price than himself.

212. That would have been impossible if he was on the land. He could not scourge until he got possession. Under the perpetual-leasing system he could very readily scourge, either at the end of his lease or, if he found the land was not giving a large produce, in the earlier years.

213. But he could do that under the twenty-one years' lease system?—That depends a good deal on the terms of the lease. There are two classes, agricultural and pastoral. The leases given by the Commissioners were pastoral, and there the tenant would not have the right to scourge. But under the agricultural lease he might scourge.

214. What inducement would there be to a man to take the value out of his land when he would be destroying the value of his improvements?—For the value of what he could get out of it.

215. Therefore the class that would have gone in for making their lands freehold would have suited your purpose?—No; they would go in with a belief that the law would be altered.

216. But would not that be in favour of your theory? Would they not have taken up a position as *bonâ fide* settlers?—I do not know that it would.

217. *Mr. J. McKenzie.*] It has been represented to some members of this Committee that in the immediate neighbourhood where these reserves are situated the people complain of the Commissioners not opening up the lands for settlement; and, on the other hand, the Commissioners complain that the Government would not allow them to carry out the work in their own way. Has the interference of the Government prevented you from carrying out settlement of the land?—It has certainly prevented people from acquiring a freehold; but whether it has prevented settlement is a totally different question, on more general grounds.

218. Then, your general view was that the perpetual-leasing system would not be a good one—that is the opinion of a majority of the Commissioners?—Yes.

219. It has been represented to the Committee that the interference of the Government was very much against the duties of the Commissioners. Will you state in what way that came about?—I would not say exactly that it prevented the Commissioners from offering the lands for sale. It was the old story of taking the horse to water. It prevented the people from buying.

220. Do you, as Commissioners, consider you exceeded the Act, or that the Minister of Lands has as much right to have a say in the matter as you? The original Act enabled you to lease for twenty-one years, but gave you no power to sell. The power to sell was given to the Governor by Proclamation, or the Minister of Lands?—In 1880 the Commissioners came to the conclusion that it was advisable to sell the lands from time to time, and they asked the Government to bring in a Bill to effect that object. The Government declined to entertain the application. For two succeeding sessions the Commissioners tried to obtain that power, and eventually the Minister of Lands (Mr. Rolleston) in 1882 brought in a series of clauses, including in the amended Bill certain clauses which he conceived would give effect to the Commissioners' views. In this Bill power was given to the Commissioners to recommend land for sale. The Government might agree to the recommendations, and in the event of its doing so the land could be dealt with in accordance with the recommendations; and it appears to me that the Legislature, in providing that the lands should be so dealt with, relied on the judgment of the Commissioners. The power of recommendation was clearly and absolutely vested in the Commissioners.

221. *Mr. Smith.*] Do you consider that regulations could be made under the perpetual-leasing system to protect the lands equally as well as regulations could be made to protect them under the twenty-one years' lease system?—Well, I suppose regulations could be made quite as effectual; but it appears to me that, whatever regulations you make, the system would be an objectionable one.

222. You think regulations could be made?—No doubt.

223. *Mr. Macandrew.*] I understand that when these endowments were set aside it was the intention at the time not to part with the freehold, but to keep them as permanent endowments for these institutions. I should like to know what induced the Commissioners to depart from that intention?—Well, I suppose the Commissioners thought they were absolute in the matter, and that they were bound to act in a way that would be conducive to the interests of the colony.

224. But do you not think it would be better to hold them in the interest of the trust than to part with the freehold and invest the money?—No, I do not think so.

225. Then, in regard to separate management, do you not think it would be better to have the management and control of all lands available for settlement under one board of management?—It might be if the land laws of the colony were uniform. But the land laws of the colony are so mosaic that I do not see that any difficulties could arise from having the management in different bodies.

226. Has there been any conflict between the management of the Waste Lands Board—that is, of Crown lands—and the management of the Commission? That is, as far as regards the system of settlement?—The only possible difference would be on account of the perpetual-leasing system. The Land Boards have accepted that system—in fact, they had no alternative. But, except in one instance, the Otago Board of School Commissioners never agreed to open reserves under that system.

227. There may be a little more economy if the work is done under one Board?—The clerks' salaries might be dispensed with; but I think that is all. And it is quite possible that if these additional extents of property are vested in the Waste Land Boards their expenses may be increased.

228. Do you think it would be in the interest of the colony that the whole of the lands should be administered from one centre—from Wellington, for example?—Well, I think if the administration was the wisest and best possible it might be advantageous.

229. *The Chairman.*] Do the Commissioners consider themselves entitled to make use of the amounts invested in mortgages as current revenue, or is it invested in permanent mortgage?—I think, as a rule, it is invested in permanent mortgage. Without speaking positively, my present impression is that all the money received from sales is invested in mortgages. That is the capital. But expenses are paid out of current revenue.

230. What I wanted to know is, whether you feel bound to keep that money as a permanent sum, or whether you would feel justified in spending it?—I think it should be kept as a capital sum.

231. Have you used any of it in current expenditure?—I do not think so. If any has been used it has been used for buildings. But my present impression is that none of it has been used.

232. I find that the total amount of expenses incurred with the management of the reserves is £1,227 6s. 9d. That is 3½ per cent. on your total revenue. Do you consider that that amount might be saved if the reserves were managed by the Waste Lands Board?—Is that for the whole of the colony?

233. No; for Otago. It includes salaries to secretary and clerks, commission to the Southland agent, travelling allowances, office-rent, cleaning, &c., printing and stationery, expenses of leasing, auctioneers' commission and advertising, incidentals, expenditure on reserves, interest on current account, legal expenses, &c. It also includes expenses on land sales, Crown grant fees, &c.?—I do not think any of these expenses could be avoided, beyond those I have mentioned—the clerks' salaries and the office-rent.

234. You said, in answer to Mr. Rolleston, that you had no audit?—I am not aware of any.

235. I find by the report sent in that there is a Mr. Livingston mentioned as auditing?—Mr. Livingston is the Government Provincial Auditor.

236. *Well,* that is an audit. I understood you to say there was none?—I made a mistake.

237. *Hon. Mr. Rolleston.*] My question was particularly as to the nature and goodness of these transactions—the nature and worth of the mortgages. Perhaps you could ask him, Sir, if the audit refers to that?—My reply to Mr. Rolleston was correct. I am not aware of any audit in that direction.

238. *Mr. Macandrew.*] I suppose the Commissioners have to approve these transactions—they are responsible?—Yes.

239. *Hon. Mr. Rolleston.*] Are you not of opinion that the Legislature, in enacting this clause in the Land Act, contemplated dealing with educational reserves?—I think that the purchasing clause, when introduced into the Legislature, was absolute, and that it was only subsequently, in joint conference of the two Houses, that an alteration was made of its application to education and goldfields reserves. Further, it seems, and did seem, to me that that was the result of the deliberate consideration of the House. It was an error such as is often made at the end of the session.

240. Do you think gentlemen occupying a position as Commissioners are entitled to form a judgment of the intentions of Parliament other than as expressed in its own act?—I think the Commissioners act on their own judgment. They are quite entitled to do so. And they have the option of deciding what is the best mode of settlement; and I think that the Legislature provided for that option.

241. Did not the Legislature at the same time provide for the contemporaneous control of the Executive of the day, as representing the Legislature?—The Act said the Governor should have the control, which practically means the Minister of Lands.

242. *Mr. Macandrew.*] Mr. Rolleston does not mean to say that the Commissioners said, "This is to be the law"?—The Commissioners did not consider that they were simply a department of the Government, amenable in any way to the Minister of Lands. They conceived that they had the right of independent action.

243. *Hon. Mr. Rolleston.*] Do you not consider that the Legislature considered that the general administration of the land law should apply to the education reserves?—Undoubtedly. Subject, however, to the judgment of the Commissioners in as far as the education reserves were concerned, and by no means compelling the Commissioners to exceed the powers under the Act of 1877 and their leasing powers. In respect to the Act of 1882, they might or they might not recommend, just as they liked.

244. But do you not conceive that the Government of the day is right in insisting that the administration in this case should be in harmony with the general administration of the colony?—I think the statute declared that the land should be brought in under the land law as far as it was consistent with the recommendations of the Commissioners.

245. There are two members of the Legislature on the Board of Commissioners?—Yes.

246. Both strongly opposed to the system of perpetual leasing?—Yes.

247. And two Commissioners of Crown Lands, who are in favour of it?—They are the officers of the Government, and carry out its wishes.

248. Do you mean to say that these gentlemen do not exercise an independent judgment?—I think they would hesitate before going in the teeth of the opinion of the Government.

249. And you do not think any advantage is to be gained by removing the administration of these reserves from a body that may be supposed to be open to influence?—Open to what influence?

250. Either from the department or from their own action in the Legislature, and their own feelings in regard to the making of leases?—As far as the two gentlemen who are or were Commissioners of Crown Lands are concerned, I believe the choice was an admirable one. They are gentlemen of long experience, and no better choice could have been made. With regard to the two others, one was elected, the other appointed.

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TUESDAY, 11TH AUGUST, 1885.

Mr. McKERROW examined.

*The Chairman:* We desire to obtain your evidence as to the working of the reserves in Otago in the hands of Commissioners, and generally as to whether you think it advisable, in the interest of settlement or education, they should remain in the hands of the Commissioners or be transferred to the Crown Lands Department.

252. *Hon. Mr. Ballance.*] What is your general experience with reference to the administration of these reserves?—It has been rather unsatisfactory.

253. Does that apply generally or to one provincial district?—Especially to Otago and Canterbury.

254. Do you think the action of the Commissioners has been in the direction of promoting the best kind of settlement?—Only partially so; it might have been better. I am thinking of the Waikaia Reserve in Otago, and also of the Orari Education Reserve in Canterbury.

255. Perhaps you will state what you know about the work there?—The defect in the administration of the Waikaia Reserve was apparently due to the want of knowledge of the country on the part of the Commissioners. That country consists of a narrow valley of excellent alluvial land, with spurs running up to 5,000ft. or 6,000ft. elevation. The upper portion of the valley was under pastoral lease to James Gall. He had already obtained, in terms of the Land Acts, pre-emptive rights covering about thirteen hundred acres of this alluvial ground. Notwithstanding this, he represented to the Commissioners that he was greatly in want of low land to grow turnips so as to winter the sheep. Thereupon the Commissioners allowed him a lease for twenty-one years of an additional 600 acres of this low alluvial country, and this lease was given within two years of the expiry of the pastoral lease. The effect of this concession, together with the holding of the pre-emptive rights, gave Mr. Gall the key to the occupation of the back country. This was made manifest when the pastoral lease did expire, because, when the runs were offered for a further term there was no bid whatever, Mr. Gall being perfectly satisfied with the amount of freehold and leasehold land which he already possessed, he having informed me that it was quite sufficient for any one man, and that he would not take the back country unless he got it at a very reduced figure. The

leasehold is about sixty thousand acres. Indeed, he doubted whether he would have it at a gift on account of the rabbits. I wish the Committee to take particular notice that the Commissioners' action in disposing of the low-lying good country at the near end of the pastoral lease very seriously damaged the future beneficial disposal of that country, and consequently decreased the revenue arising therefrom. Further, between these pre-emptive rights and the River Waikaia there was a long, narrow strip of alluvial land, which Mr. Gall represented to the Commissioners was so infested by rabbits—that the only way to eradicate them was by cultivation. He informed the Commissioners there were 250 acres. The Commissioners authorized the survey of this land by a private surveyor. The Government would have had no knowledge of this fact but for the accident of myself and the late Mr. Arthur, the Chief Surveyor, happening to visit that district. On our seeing evidence of a surveyor there, we inquired who it was, and discovered that he was a private surveyor in the employ of Mr. Gall, laying off this land to enable him to get a lease from the Commissioners. On my return to Dunedin I brought this to the attention of the Chairman of the Commissioners, and pointed out to him that the action of the Commissioners was entirely opposed, if not to the letter, decidedly to the spirit of the Act under which they administered this estate. I pointed out to him that under "The Otago and Southland Education Leasing Reserves Act, 1878," the Government was empowered to set aside 20,000 acres of this Waikaia Reserve for the purposes of settlement; that that had been done, and the land surveyed, and it was only within that 20,000 acres that the Commissioners had the right to offer land to any one; and that this giving leases to Mr. Gall of the land before the expiry of the pastoral leasing was simply muddling away the public estate. He informed me that the Commissioners were under the impression that this land was within the 20,000 acres, and he would immediately convene a meeting of the Commissioners to see in what way the matter could be rectified. I also informed him that the stretch of land, instead of containing 250 acres, really contained about eight hundred acres. The Commissioners met. They came to this conclusion: that they were already committed to Mr. Gall to the extent of 250 acres; and accordingly that was marked off, which Mr. Gall got on a further lease of twenty-one years. On behalf of the Commissioners I would say (I do not wish to mislead the Committee in respect to this) that in both cases the lands were submitted to public auction; but there were no plans available for the public—simply a newspaper notice that Section So-and-so, Block So-and-so, will be offered for lease by public auction at Gore on such-and-such a day. The public, without the aid of maps, have no conception—or a very vague conception—of where the lands are. On several of the settlers in the Waikaia district speaking to me indignantly on the subject, I said, "Why did you not appear at the sale, if you were so anxious about the land?" Their reply was this: that Mr. Gall's people gave it out that it was quite true they were going to get a bit of land to grow turnips on, but it was such-and-such a piece of land; misleading them altogether as to the actual piece of land offered. That is so far as that point is concerned. I would further say to the Committee that any set of Commissioners are quite unable to deal with either public estate or any other estate unless they themselves are personally acquainted with that estate or have officers to inform them about it. The public estate in the shape of educational reserves is so extensive that it cannot be expected that Commissioners can acquaint themselves with all the details and localities scattered over millions of acres, as they happen to be in Otago, Canterbury, and Southland. In other words, the Commissioners who administer these estates ought to have a survey department of their own; and that brings us to this conclusion: that, as the Government is responsible for titles, and there can be only one survey department in the colony, the Land Boards, which have this technical branch to assist them, are the proper authorities to administer these estates. Further, as the law now is, the Commissioners have to receive the approval of the Minister of Lands to certain steps in their procedure; and it may happen that the Minister of Lands and the Commissioners are not of one mind, as has been actually the case, and is at this moment with regard to seven or eight thousand acres of the very best land now available for settlement in New Zealand. The consequence is a dead-lock; for in the Waikaia Valley there is that extent of land mapped, surveyed, and lying idle, a "no-man's-land," for the last two or three years, simply because these two authorities cannot agree as to the best method of disposal. Meanwhile, during all that time, there have been urgent representations from settlers who are eager to settle there. In the matter of opening up Crown lands by roads the School Commissioners have no means to do so; and any opening-up of these education reserves has had to be done by the Minister of Lands advancing the money and doing the work. To sum up, my observation of the matter is this: that the Commissioners, as administrators of land, are altogether unnecessary; they are the proverbial fifth wheel of the coach. The real work has to be done by the Land Department; and a great deal of correspondence and misunderstanding and explanation have to be gone through before the settler gets the land placed before him. You simply asked information about the Otago School Commissioners: there are other estates administered by high schools, and I presume you meant to include them as well. The department has had a very unfortunate experience with regard to high school trustees. I cannot do better than read a letter from the department of the Minister of Lands with regard to the Strath Taieri Reserve. [Letter read.] The Committee is of course aware the lands cannot be disposed of for sale without the concurrence of the Government. That concurrence was given in respect of the Wyndham and Strath Taieri Reserves. The secretary to the trustees sent up plans to the Secretary of Education here. They were sent on to Mr. Rolleston, who instructed the Land Department to see that they were in order, and this is the report upon the subject, which gives but an inadequate idea of the trouble we had in putting matters right:—

*"Proposed Sale and Lease of 10,000 Acres of Dunedin High School Endowment, Strath Taieri.*

"MEMORANDUM for the Hon. the MINISTER of LANDS.

"General Crown Lands Office, Wellington, 10th April, 1883.

"REFERRING to your memorandum of the 9th instant; to the letter of the Secretary of the Dunedin

High School Board, dated the 2nd instant, and his telegram of the 7th instant, both addressed to the Secretary of the Education Board; and to the 'particulars and conditions of sale' of leases of thirty-three sections, which it is proposed should be offered by auction at Dunedin on the 24th instant:

"Although it is stated in the letter of the 2nd instant 'that the sale has been advertised for two months in terms of the Act' (section 5, 'The High School Reserves Act, 1880'), it would appear that the advertisement in the *Otago Daily Times* of the 6th April is the first notice given of sectional details and prices. In similar sales of Crown lands at least thirty days' public notice has to be given before day of sale; in this case there is only eighteen days' notice given of the lands to be sold. As regards the thirty-three sections, comprising 3,000 acres, to be offered on lease on the 24th instant, no particulars are given, except that in the advertisement the sections for sale and for lease are all mixed up without any distinction whatever, apparently all for sale. After comparing the advertisement with the lithographed maps and with the manuscript of 'particulars and conditions' of leases, it appears that the advertisement of the 6th April gives the capital value of the lease sections, and that, as stated in the latter part of that notice, the terms and particulars of land on perpetual lease will be given in future advertisement.

"From these statements it will be seen that the advertisement now before the public is misleading with regard to the land to be sold, and gives no information as to the sections to be leased. In two instances Block V. is given in the advertisement for Block IX., and a section reserved on the lithographed plan for village settlement is entered as for sale as rural land.

"From an allusion to town sections in the advertisement it would appear that some are to be offered, also village sections; but no details are given, nor do the plans show any.

"Even if the advertisement notice had been clear and distinct as to what is really to be offered for sale and lease on the 24th instant, the time given of eighteen days is by far too short for intending settlers to visit the ground with map and advertisement in hand to select what sections are likely to suit them. At least two months should have been given. A surprise sale has simply the effect of either marring the sale or of playing into the hands of speculators who may chance at the time to have the necessary money. This rushing of the land into the market, cash, lease, or town lands all atop of each other on the same day, is most unfavourable to the settlement of the land by residential settlers.

"The settlers who are to be compelled to reside on the land—viz., those on leasehold—should have had the opportunity of making their selections firstly, and then, next day, or, better still, some considerable time after, the cash sections to be offered. In this way the leaseholders would have had a little time to consider, and an opportunity of adding to their leaseholds by the purchase of an adjacent freehold section.

"The very men who as a rule are likely to make the best settlers would feel least at home amid the jostle and excitement of the auction-room. It has been the invariable practice in the settlement of the blocks on the Waimate Plains and in other districts to offer the land on settlement conditions at least two days before the land for sale on cash, and now in the arrangements for disposing of lands on perpetual lease the same principle is being followed, of offering the lease lands before the cash.

"The advertisement states that the 3,000 acres is to be on 'perpetual lease;' but, as the trustees of the Dunedin High School have not asked nor obtained the sanction of the Governor in Council, under section 50 of 'The Land Act 1877 Amendment Act, 1882,' to bring the land under the provisions of sections 3 to 48 of that Act, it would appear that they have no authority to grant perpetual leases. The authority under which they are now acting is 'The High Schools Reserves Act, 1880.' In section 6 of that Act they are empowered to grant leases of rural lands for twenty-one years only.

"The particulars and conditions of sale of leases, forwarded ostensibly as perpetual-leasing conditions, seem in reality only to be conditions for a twenty-one years' lease, with right of renewal for a second twenty-one years—in all, forty-two years. They are apparently not in keeping with either Act: for if on the authority of the Act of 1882, all the conditions would have to be in accordance with it (see section 51), which they are not; again, under the Act of 1880 (section 6) the lease of rural land is only for twenty-one years.

"The trustees propose twenty-one years for the first term of their perpetual leasing, instead of thirty years. The trustees (see clause 19 of their conditions) require the lessee, in addition to the cultivation prescribed in the Land Act, to put substantial improvements of a value of £2 per acre within the first three years; instead of, as in section 37 of 'The Land Act, 1882,' giving the lessee six years to put on the substantial improvements of £1 an acre, in addition to the cultivation specified in sections 34 to 36 of Act.

"To any one who is acquainted with the ordinary class of settlers these terms of compulsory expenditure will at once appear prohibitive to all but capitalist settlers of large means.

"Regarding the upset prices of the leasehold land, it is stated in the letter of the 2nd instant that they are computed at  $7\frac{1}{2}$  per cent. on the capital value. The list furnished agrees with the capital values given in the advertisement. But in the telegram of the 7th instant it is stated that  $7\frac{1}{2}$  per cent. was stated in error, and that it should be 5 per cent. But the Government are now left in doubt whether to adhere to the rents given and alter the capital values, or alter the rents so as to agree with a 5-per-cent. computation of the advertised capital values. As the latter surmise would bring the rents to a more reasonable estimate of the value of the land than the other, it has been so assumed, and the corrected rents entered in pencil.

"As the Government is greatly concerned in the successful settlement of the Strath Taieri, having so much Crown land yet to offer there, and this 10,000 acres is pre-eminently the most suitable for settlers, it behoves the Government to use every reasonable endeavour to stay the trustees of the high school in dealing so precipitately with this valuable block of land.

“It ought to be advertised the two months prescribed in the Act, with all the details set forth, so that settlers might have ample time to visit the ground.

“JAMES MCKERROW,

“Secretary, Crown Lands.

“P.S.—While on the subject, I have to draw your attention to the advertisement by the trustees of a sale of 4,000 acres of the high school endowment in Wyndham Valley. The sale is fixed for the 14th instant, and the details of sections have only been before the public since the 28th March last. This sale is not nearly so important from a settlement point of view as the Strath Taieri; but apparently, the trustees have not complied with the requirements of section 5 of ‘The High Schools Reserves Act, 1880.’—J. McK.”

About the Orari Education Reserve: There are 1,200 acres of very good land in the Orari Flat, which the late Minister of Lands (Mr. Rolleston) advised the Canterbury School Commissioners to have surveyed into areas of about two hundred acres each, the object being to induce settlement there on the small-farming scale. The land was advertised for leasing, the terms were set forth, and tenders were sent in to the Commissioners. There were several tenderers, each for single sections, some as high as 14s. per acre and one 16s. per acre. There was one tender, that of Mr. Clarke, who offered 10s. 6d. per acre for any three contiguous sections, or for the whole block; but he would take no single section. The Commissioners discarded the tenders at 13s. or 14s., which were for single sections, and gave the whole of the reserve to Mr. Clarke at 10s. 6d. per acre, except about thirty acres to another tenderer at 16s. per acre. I do not know why the Commissioners did this; but it is reasonable to suppose that they did so in what they deemed to be the interest of their trust, Mr. Clarke being a well-known man, who would pay his rent, and with whom they would have no trouble. Regarding the other tenderers I know nothing at all; but what I wish to point out is, that the reserve was not administered in the interests of residential settlement, and the land was peculiarly adapted for that purpose. As now let, it simply goes to enlarge the borders of a large estate. In contrast to this dealing with public land, the village settlement of Orari, a few miles further up the valley, and as nearly as possible of the same quality of land, was offered for settlement on village-settlement conditions about three years ago, and there are now forty-eight settlers there with their families—on four hundred acres. This great disparity of dealing with public lands in the same locality illustrates, perhaps, better than anything else that could be said the evil of having so many independent boards of authority at work in administering the public lands.

256. *Mr. J. McKenzie.*] Your opinion, Mr. McKerrow, is, that they would be better under the Waste Lands Board?—Most decidedly.

257. *Mr. Bruce.*] I understand that these Commissioners were guilty of a grave indiscretion in disposing of the land to Mr. Gall?—I think it was owing to their want of knowledge in what they were doing.

258. What might the loss be to the Education Board of this?—It would be difficult to state it in figures.

259. You believe that the Board have sustained a loss by their action?—Yes; the educational revenue has.

260. Might we not argue inferentially that, so much having been made of this case, as a rule their administration is as good as any other Board?—Almost all they have done is to administer that educational endowment, and you would naturally suppose they would set about it with a great deal of care and some knowledge of what they were doing.

261. A great deal of your argument appears to be based upon the present conflict of authority?—Yes.

262. Is not that a matter to be rectified?—I think not. That district is being held back owing to this conflict of authority. It is the best piece of land in the country.

263. Well, if this conflict of authority could be avoided, is it not reasonable to assume, in the interest of the trust, that it would be as well administered by gentlemen who, being specially appointed, are likely to take an enthusiastic interest in the affair, as by any other body?—I think enthusiasm is very dangerous, unless you have knowledge along with it.

264. *Mr. Cowan* drew attention to the advertisement of the sale of the lease of the Waikaia Reserve, and the terms offered, and asked, were they conducive to the beneficial settlement of the country?—They not only appear to me now, but they appeared to me at the time, so extremely prejudicial to settlement that I drew the attention of the Minister of Lands, Mr. Ballance, to the proposed sale of these leases. He at once expostulated with the Chairman of the Commissioners, pointing out that it was extremely likely, if the sale went on, that the runholder who had already secured so much of the low-lying land would, no doubt, absorb all the rest, and make one big estate where the land was so suitable for settlement. That expostulation had this effect: that the Commissioners agreed to withdraw the land, excepting a very small portion, pending the course of legislation during the present session. I may add that, in my opinion, but for that action on the part of the Minister, the greater part of the low-lying portions of the Waikaia Valley would now have been held by one man.

265. *The Chairman.*] Was there any competition in the case of Gall's purchase of this land?—None at all for the 600 acres. He got it for 2s. per acre—the upset price. For the 250 acres there was a little competition.

266. You said money was advanced by the Crown for opening up these roads. Is that returned?—Yes; we get it in little instalments spread over a number of years.

267. *Mr. McMillan.*] Do you know who is Mr. Gall's agent in Dunedin?—I do not think he has any special agent.

268. Do you know if Mr. Begg has anything to do with Mr. Gall?—I think not.

269. *Mr. Lake.*] Do you know whether within the last five years a larger value has been pro-

duced, for purchases, to the institution by the Commissioners than if sold by the Land Board?—I think not.

270. *Hon. Mr. Rolleston.*] Was not, in your opinion, the whole of the Strath Taieri Estate put prematurely into the market?—Decidedly so; and I may inform the Committee that you tried to postpone the disposal of the land until the railway was opened to it.

271. Are you not aware, from interviews (in which you were present with me) with the Commissioners, that one of their leading motives was the fear of what is called the colonialization of these reserves?—It was not stated in so many set words, if I remember aright; but it was quite evident that fear was a predominating feeling.

272. Do you not think that any danger of such a result might be obviated by dealing with these reserves through the Public Trustee so far as beneficiaries are concerned, and through the Land Department so far as revenue is concerned?—Yes; that is what should be done.

273. *Mr. Cowan.*] With regard to that 600 acres you have told us was sold at Gore, if the Commissioners had the settlement of that land at heart would they not have called the sale at Waikaia?—I think not. Gore is pretty accessible, and it is a central point of the district, to which the railways converge.

274. *Mr. Lake.*] Do you not think that the introduction of perpetual leases under the Land Board would bring in less revenue to the trust, looking to the fact that Government is subject to political pressure for making roads out of the returns, and also in the direction of condoning arrears of rent?—So far as the letting of the land and recovery of rent are concerned, it would make no difference whether perpetual leases were given by the Board or the School Commissioners. With regard to the alienation of land, I think it is a very great mistake that it should be sold at all, my reason being this: that the money is never likely to be so securely or so well invested as it is already in these splendid estates, which will undoubtedly increase in value with the increase of population and the advance of the country.

275. *Mr. Cowan.*] Would the administration of these estates by the Waste Lands Board add materially to the cost of working the department?—No. I should say it would add very little, if any, to the work of the Land Department.

Mr. A. C. BEGG examined.

276. *The Chairman.*] You are one of the Commissioners in connection with the management of the Otago education reserves?—Yes: I am the representative of the Education Board of Otago on the Commission.

277. How long have you been a Commissioner?—I really forget just now; but it is about six or seven years. That can be found out from the records.

278. The opinion has been expressed that it would be advisable to transfer the management of these reserves from the Commissioners to the Crown Lands Department. Your evidence is desired in order to satisfy the Committee as to whether or not these changes would be desirable, with a view to promoting the interests of settlement on the one hand and of education on the other hand. You are asked to give evidence upon this point—as to whether you think the change would be beneficial or not?—Do you want an expression of opinion upon what has taken place to lead up to these proposals?

279. An expression of opinion generally?—My own opinion is that it would be very inadvisable generally to transfer the management from the Board at present managing the reserves to the Minister of Lands, because the present Commissioners have very large local knowledge of the circumstances in connection with the question of settlement of the land in Otago. And they are more capable of administering the reserves than the Minister of Lands, who may be a person who knows very little about the history or management of settlement in Otago.

280. *Mr. Macmillan.*] I understand that the present Commissioners have parted with the freehold of a portion of the land, the original intention when these endowments were made being to retain the freehold as a permanent endowment for these institutions?—The endowments were made a very long time ago, and power was got by special Act to sell portions of the land suitable for settlement. The intention was, I believe, to retain purely pastoral lands for leasing, and to get power to sell sections of land, as the progress of settlement demanded it, for agricultural purposes.

281. Then the Commissioners thought it advisable to depart from the intentions of the original trust and dispose of the lands in terms of the Land Act?—To dispose of portions of agricultural lands. There never was any desire to part with the purely pastoral lands, of which there is a considerable area.

282. Independent of the question of who would be the best to manage these reserves, do you not think it would be more economical to have the administration of all these lands under one body?—Well, I cannot very well give an opinion upon that point. It has been stated recently that the expenses of managing the business of the Waste Lands Board have been increasing very much, and that even if the sales of land were stopped the expenses would still be large, on account of the large area already dealt with on deferred payment and perpetual leases. I do not know that it would be any very great economy to remove the administration. The cost at present is small, the only expenses being the clerks' salaries. The Commissioners are not paid anything.

283. I understand there are two Commissioners of Crown Lands on the Board, one for Otago and the other for Southland?—Yes, Mr. Maitland and Mr. Pearson.

284. And three other Commissioners?—Yes.

285. In the practical working of administration, has there been any conflict between the two Commissioners of Crown lands and the other three Commissioners?—Well, with regard to the question of perpetual leasing there has been a difference of opinion. The two gentlemen, who are Government officers, have wished to give way to the Minister of Lands on the subject, and deal

with the lands under the perpetual-leasing system. The other three Commissioners do not agree with that system.

286. When you say "Give way to the Minister of Land," do you mean that they would give way against their own convictions?—I mean this: That one of those gentlemen was quite in accordance with the views of the other Commissioners until pressure was brought to bear by the Minister of Lands, and then he expressed a different opinion. But I may say, in regard to the other gentleman, that he has all along consistently wished to deal with the lands on the perpetual-leasing system.

287. Would you explain the way in which pressure was brought to bear?—In this way. The Act provides that the lands can only be disposed of in the way recommended by the Commissioners. The Commissioners, in accordance with this provision, made recommendations. The Minister of Lands, said, "No; I won't allow the lands to be dealt with in that way," and suggested that the recommendations should be made in another way; otherwise he would not deal with the lands.

288. But you were aware that you had to get the consent of the Minister of Lands?—Well, that was a secondary consideration. The first provision was that the recommendations should come from the Commissioners. The Minister was simply a consenting party.

289. Has there been any conflict in reference to the system of settlement, as to the Land Board adopting one method of settlement and the Commissioners adopting another?—The School Commissioners, in order not to hang up settlement in the district, endeavoured to deal with a portion of the land under the perpetual-leasing system, but it was understood that this would be an experiment, and that if it did not turn out satisfactorily they would not do so again. The Waste Lands Board were selling under all systems. The Commissioners have also tried all systems, but they are not of opinion that the system of perpetual leasing is conducive to the best interests, either of settlement or of the trust, and consequently they have objected to dealing with any more of the lands under that system. I may say that the Commissioners are aware of the feeling of a great many would-be settlers, and the great desire is to get a freehold.

290. Then you consider you gave the perpetual-leasing system a fair trial?—No; we have not had time yet. It is only about eighteen months ago that we offered these lands. It is impossible to say yet whether it will be successful.

291. Are you still giving effect to that system?—We only used it once—in one block.

292. *Mr. Brown.*] What is the area of your land?—There have been 11,272 acres let on perpetual-leasing system. These have brought an average rent of 2s. 3d an acre. There have been 1,828 acres opened up under the perpetual-leasing system since 1883, for which there have been no applications; so that there are now 1,828 acres open under that system for which there are no leases.

293. What is the total area you administer?—I cannot give you that, but I can tell you the quantity disposed of.

294. You do not know the area?—No.

295. Is it half a million?—No.

296. A quarter of a million?—I think it is something under 100,000 acres. That is, the whole of the endowment. But I do not know the exact amount.

297. What is the area sold?—11,272 acres on perpetual lease; 15,780 acres on deferred payments; and 8,396 acres for cash.

298. About how much did you get for the 8,396 acres sold for cash?—I think £2 10s. an acre on an average.

299. That is about £20,000?—Yes.

300. How do you apply the money?—It is principally invested in mortgage.

301. The whole of it?—Yes.

302. You say principally?—Well, there may be some now awaiting investment.

303. Could you give the Committee any information with regard to the annual expenses—roughly?—There is a return from which you can get the information. I could not state it from memory.

304. How many paid officers have you got?—A secretary and a clerk. The clerk is simply an office-boy.

305. Are the Commissioners paid so much a day for travelling expenses?—The Commissioners who live out of Dunedin are paid railway expenses, but three of the Commissioners reside in Dunedin. Dr. Menzies, I believe, has a free railway pass. Mr. Pearson has been paid travelling expenses.

306. *Mr. Smith.*] Do you not think that the Land Board of Otago would be in possession of equally good local information as to the reserves as the present Commissioners?—Well, the Land Board is a changing body, and is not always composed of the same members. Some of its members have knowledge of one part of the country and some of another. The Board would not have as large a knowledge as the Commissioners.

307. *Mr. Fulton.*] You have been asked a while ago, why you changed the purposes of the trust, that is, of retaining, the endowments—and began selling the land. Would you explain what the reason was for that?—The reason was that in the original Act we were empowered to lease the land. We found, in working, that we could lease pastoral but not agricultural land; and application was made to the Legislature for power to sell a limited area of agricultural land on terms to be approved by the Minister of Lands.

308. Was that Act passed at the instance of the Commissioners or of the public?—Of both. The public complained to the Commissioners that the leases were not satisfactory. The settlers wanted freeholds. The Commissioners took the same view of the matter, and applied to be allowed to sell and invest the proceeds.

309. Were there any complaints in the districts over which the Commissioners had control as to the Commissioners' property stopping settlement?—Yes.



310. And was it in consequence of that that the Commissioners acted?—That was one of the main reasons.

311. Have there been any complaints made by the public as to the management of the Commissioners?—There have been complaints made frequently by a body calling itself, I believe, “The Waikaiti Progress Committee;” but at the last meeting of the Commissioners we had a long memorial, signed by nearly all the *bonâ fide* settlers in that neighbourhood, stating that this body did not represent their opinions at all, and requesting us to take no notice of its communications, but they (the settlers) would appoint a committee to watch their interests and communicate with us.

312. Has settlement in the districts not been successful?—Well, it has not within the last two or three years. There are a large number of settlers there now; but in consequence of the low prices of produce the settlers have been very poor all over Otago.

313. Were the prices obtained by the Commissioners high, as compared with the prices obtained by Government?—Yes, they were good prices: a good deal higher than the average prices.

314. How do you account for that?—The land was good.

315. And would the terms be any inducement?—The terms were good, no doubt. We offered to advance a certain proportion of the amount paid on mortgage, at a low interest.

316. There seemed to be some doubt in the minds of the members of the Committee when a Commissioner was giving evidence previously, as to the investment of all the money which is obtained from these sales, in real securities. Is it a fact, or is it not, that all the money is invested?—All except the floating balance.

317. I mean none of it is appropriated for any other purposes?—I think there is an amount of 5s. an acre deducted by the Minister of Lands for roads. The sales have taken place through the Land Office, and a certain amount is deducted.

318. None of the proceeds of sales have been appropriated for current expenses or for buildings?—No.

319. *Mr. J. McKenzie.*] You say that you, as Commissioner, preferred to sell, either for cash or on deferred payments, to letting on perpetual lease?—Yes.

320. What were your reasons for thinking that this was the best course to pursue?—The reasons were that we were personally aware that the great bulk of intending settlers wanted freehold lands, either immediate or on deferred payment.

321. Can you tell the Committee the circumstances under which Mr. James Gall, a tenant of the Commissioners, has been enabled to purchase the freehold of his land?—He bought it at auction.

322. Had he any right to purchase land without it being put up to auction?—I would not state positively; because I have a faint recollection of a very small piece of land fronting the river, adjoining his land; but I think very nearly all the land was bought at auction.

323. Were there not 800 acres he was in treaty with the Commissioners for which the Government prevented the sale of?—I do not think so; I cannot recollect.

324. *Hon. Mr. Rolleston.*] You have a good many dealings in land?—Yes.

325. What is your calling?—Well, I have been twenty-six years in Otago, and I have been a settler.

326. But what is your present calling?—I am a sheep-farmer and station agent.

327. And you have a good many transactions in land pass through your hands?—Not a great many, but I know of a great many.

328. Is it not a fact that the system of perpetual leasing is looked upon as deleterious to the landowners?—No, I think not.

329. Is there not a feeling among men engaged as land agents that a leasehold system is one which should not be encouraged?—Well, I cannot say that there is amongst the agents simply; but amongst most of the people.

330. That is, the owners of land?—Yes, and settlers, and all sorts of people.

331. Are there a number of these mortgages given by the Commissioners on lands outside the Education Trust?—Yes, there are some.

332. Do you think it advisable that men engaged in dealing with land outside should be dealing with trust properties?—I do not understand your meaning exactly. If you mean to say that the Commissioners deal with the trust funds in the way of lending to their friends, it has never been done.

333. *The Chairman.*] Could you tell us the approximate rate of interest?—Well, the average rate is 6 or 7 per cent. The present is, I think, 6 per cent. To the purchasers of the endowment we have made it a condition of the terms to advance a certain proportion at the rate of 6 per cent. as an inducement.

334. And you charge a higher rate to people outside?—Yes.

335. An estimate is made here that the total cost of your management of the lands was about 3½ per cent. on your income for last year?—Well, I have not looked into that, but it is very small.

336. You derived about £20,000 from sales of land, so that the actual amount would come to about 7 per cent. on the cost of management?—No; a considerable amount of that expenditure cannot occur again. There was commission to the auctioneer in the case of sales. There were expenses in connection with the sales of land which cannot be considered as expenses of managing. The only expenses in the management are the secretary's and clerk's salaries, and advertising, and travelling expenses—about £50 a year, I think. Perhaps you would permit me to say that in my opinion, from what I have seen, there are two classes of people who take up land under perpetual lease. One class is comprised of *bonâ fide* settlers, who invariably expect to make a freehold of their land, either through new legislation or in some other way, at a small

cost. And there is another class—a most undesirable one—who take up land with the idea of cropping it and leaving it in an impoverished condition. The Commissioners thought that to let to these people was very undesirable.

337. *Hon. Mr. Rolleston.*] I should like to say, Sir, that a man can only say from experience that such was the case?—I have heard men express these opinions myself.

338. You determined that freehold was the only way of dealing with these lands, notwithstanding that the Legislature had determined upon another way of dealing with the lands?—We were charged with the administration of that land in the interest of education and of settlement, and our opinion was that perpetual leasing would not be conducive to the revenue of the trust, and would not help settlement.

339. And do you consider you were entitled to use your opinion independently of the Land Act?—Well, the Act under which we were working gave us the power to recommend how these reserves should be disposed of.