

purchase-money being made in 1893. He let the estate in one block, and the rentals he received were as follow: From 1870 to 1875, 1s. 6d. per acre; 1875 to 1879, 2s.; 1879 to 1880, 1s. 6d.; 1880 to 1886, 1s. 3d.; 1886 to 1887, 6d.; 1887 to 1893, 9d. Mr. Douglas explains that the rent was fixed at this low figure as he was looking for a purchaser, and the tenant was bound to give up his tenancy so soon as a purchaser was found. Some time after "The Land for Settlements Act, 1892," was passed, Mr. Douglas spoke to the Hon. the Minister of Lands, informing him that he had a property "down South for sale," and the Minister told him that he would have to make his application in the usual way to Mr. Maitland, the Commissioner of Crown Lands at Dunedin, and referred him to an advertisement that had appeared in the press. Mr. Douglas must have either forgotten this conversation or misunderstood the Minister, as it was not till he was directed by Mr. J. D. Ritchie, his nephew, to make the application to Mr. Maitland that he did so. Mr. Ritchie seems to have also had an interview with the Minister—when is not fixed—about the sale of the property, and he was informed that any offer would be considered in the usual way. The next that is heard of the property is that, at an interview between Mr. Ritchie and Mr. Barron, the Under-Secretary of Lands, the former—having become aware that Mr. Adams, the Chief Surveyor of Otago, was about to visit and to report on the Conical Hills Estate, that had been offered for sale—suggested that Mr. Adams should also visit and report on Pomahaka. Up to this time Mr. Barron "thinks" he had not seen the Minister on the subject; and the Minister is positive he had not. Without, therefore, consulting the Minister, or getting any direction from him, Mr. Barron telegraphed to Mr. Adams to report on the Pomahaka property, and this before it had been offered for sale. This direction of Mr. Barron set the Land Purchase Department in motion; and on the same day Mr. Ritchie telegraphed to Mr. Douglas to formally offer the estate for sale to Mr. Maitland, and this was done.

In order, no doubt, to lead the Minister to favourably consider the offer of the estate, Mr. Douglas wrote and presented a petition. This petition, through the exertions of Mr. Douglas's paid agents, was largely signed in the district, and was presented to the Minister of Lands by Mr. Thomas Mackenzie, the member for the district. The petition had no effect on the Land Purchase Board.

The Land Purchase Board proceeded to get a valuer; Mr. William Dallas was appointed. Mr. Dallas is a member of the Otago Land Board, and had been valuer for the Property-tax Department. He made the valuation, and was examined by the Land Purchase Board on his report. His valuation was £2 10s. per acre. He had formerly valued the estate for taxation purposes at £2 2s. 6d.; but he explains the difference of $17\frac{3}{7}$ per cent., saying that valuers for tax purposes "incline to keep a few shillings per acre under rather than over." The difference in the capital value between the two valuations was £2,798 15s. Mr. Dallas was the only valuer employed. As is not unusual, another gentleman (Mr. Stevenson) differs from Mr. Dallas. He fixed the value at £1 10s. per acre. The best test of the value will no doubt be what the tenants can pay, and that will not be ascertained till a year or two hence. Mr. Douglas valued the land much higher than he ultimately sold it for. The pressure of his banker forced him to sell. The quantity disposed of by the Government has been 5,230 acres, at an average rent of about 3s. 4d. per acre.

Reference has been made in the inquiry to a missing telegram that Mr. Ritchie sent to Mr. Barron, but it seems not to have been noted as a formal or official document, and, if produced, could have had no bearing on the subject of the inquiry. The letters that passed between Mr. Ritchie and Mr. Douglas, being private, were destroyed; but the file of the official correspondence was shown to the Committee, and every assistance given the Committee in the inquiry by the department. As for Mr. Ritchie's action, we think it our duty to say that, though an officer acting under the Minister of Lands, he had no duty or responsibility in connection with the purchase of estates, and all he did was simply what any outsider might have done.

Your Committee are unanimously of opinion that no charge of corruption can be made against the Minister of Lands. Whether the system of land purchase, as disclosed in the evidence, is sufficiently guarded is a wide subject, on which the Committee is not required by the Order of Reference to express an opinion.

The Committee then adjourned until Wednesday, 10th October, 1894, at 11 a.m.

WEDNESDAY, 10TH OCTOBER, 1894.

The Committee met pursuant to notice.

Present: Mr. Thompson (Chairman), Mr. Duncan, Mr. Green, Mr. Hall, Mr. Hogg, Mr. Lang, Mr. T. Mackenzie, Mr. Mackintosh, Mr. Meredith, Mr. Mills, Hon. Sir R. Stout.

The minutes of the previous meeting held on the 9th instant were read and confirmed.

Mr. Mills brought forward another draft report for consideration, as follows:—

The Committee, to whom was referred the inquiry into the whole transactions in connection with the purchase of the Pomahaka Block from Mr. John Douglas, under "The Land for Settlements Act, 1892," beg to report as follows:—

The inquiry commenced on the 4th September, and closed on the 2nd October, 1894, and the evidence of thirteen witnesses was taken.

It appears that when addressing the Waihemo electors during last election Mr. M. J. Scobie Mackenzie spoke at Palmerston, as follows:—

"Let it be clearly understood, I am far from suggesting corruption in connection with my opponent in this contest. I say again that I don't even include him (Hon. J. McKenzie) among the political spiellers. I think his intentions are excellent, and that he is doing the best he can for all classes of settlers. But a man with unlimited power is apt to be acted upon unconsciously in all sorts of ways. Take this last Pomahaka purchase, for instance. I believe it to be a down-