

1894.
NEW ZEALAND.

WASTE LANDS COMMITTEE

(REPORT OF, ON THE POMAHAKA ESTATE PURCHASE INQUIRY, TOGETHER WITH MINUTES OF EVIDENCE, CORRESPONDENCE, AND APPENDICES).

Report brought up 12th October, 1894, and ordered to be printed.

ORDER OF REFERENCE.

Extract from the Journals of the House of Representatives.

TUESDAY, THE 10TH DAY OF JULY, 1894.

Ordered, "That the whole transactions in connection with the purchase of the Pomahaka Block, under 'The Land for Settlements Act, 1892,' be referred to the Waste Lands Committee for investigation, with power to take evidence on oath, and call for persons and papers, and to report to the House."—(Hon. J. McKENZIE.)

REPORT.

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 spielers. 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 downright bad purchase, a much worse one than Cheviot. I only know the land by repute, but it is a cold, ungenerous soil. It is purchased on the eve of a general election. The owner of it is an influential man in this immediate neighbourhood. He employs a number of men, and may influence a number of votes. His nephew is head of one branch of the Minister's department. The land has been for sale for many years. I heard it myself offered for sale at the same price, I think, ten years ago. It has been rented for a long time at 6d. per acre rent, which is 5 per cent. on a capital value of 10s. per acre. I believe even at that rent the land was about to be thrown up. Now, all these things may be mere isolated facts; there may be no connection between them at all. But a Minister's mind may be influenced unconsciously by the pressure of his friends, by the fear of his enemies, by fifty circumstances which have no direct connection with corruption, but which lead in that direction. I want you to remember this: It has never been the policy of the English law or custom to invest any individual with unchecked power over his neighbour."

His opponent, the Hon. J. McKenzie, took these remarks to convey a charge of corruption against himself, and made a public reply at Palmerston. Considerable discussion followed in the Dunedin newspapers, and both Mr. Scobie Mackenzie and the editor of the *Otago Daily Times* demanded a searching inquiry, on the grounds that the purchase was an improper one and the price absurdly excessive.

With a view of securing the fullest investigation, the Committee specially invited both these gentlemen to attend the proceedings, and also asked them to name what witnesses they thought should be called, the Committee offering to pay all expenses.

The editor declined to attend, and said he had no witnesses to name. He had written merely as a public journalist.

Subsequently, whilst the inquiry was in progress, this gentleman in his leading columns stated that the Committee was only taking such evidence as would suit the Minister and the department, but that the evidence of those who, "if properly examined," could tell "the real story," was not

being procured. Thereupon the Committee asked him to name the persons who, as he had said, could tell "the real story." In reply, he mentioned Messrs. Wright, Stephenson and Co., of Dunedin, and the paid agents of Mr. Douglas. The Committee then summoned a member of that firm, and also the paid agents of Mr. Douglas, as named by Mr. M. J. Scobie Mackenzie, and took their evidence.

Mr. Scobie Mackenzie attended the proceedings, pursuant to the Committee's request. He was accorded the right of being represented by counsel, which he declined. The Committee also decided that he alone, of all the witnesses, should be constantly present, and that he should have the right to cross-examine. He exercised this right freely, and also called evidence himself and addressed the Committee.

Dr. Fitchett attended the proceedings, examined witnesses, and addressed the Committee on behalf of the Department of Lands and Survey and the Board of Land Purchase Commissioners, who considered that their integrity was attacked.

Mr. Scobie Mackenzie, whilst stating that he made no charges, urged that the evidence showed,—

- (1.) That the estate was purchased at a price far in excess of its value;
- (2.) That one main factor in effecting the purchase was a petition falsely purporting to come from settlers, but in reality got up by Mr. John Douglas himself, urging the Minister to acquire the land for purposes of settlement;
- (3.) That, in Mr. Douglas's interest, undue haste was displayed throughout the whole transaction; and
- (4.) That, in the same interest, the purchase was effected in the face of a recommendation of the Board that preference should be given to another property—the Conical Hills Estate.

With reference to the first point, Was the price a fair one? the evidence consisted of—(1) Previous sales and subsequent sales of property in the Pomahaka and neighbouring districts; (2) opinion of witnesses; and (3) prices actually paid by settlers for the Pomahaka Estate when thrown open by the Government.

In 1889, 1,140 acres of the same estate, and not the best part of it, were sold at £3 12s. 6d., and for several hundred acres £3 was refused. Moreover, between 1889 and 1893 there were negotiations for sale and lease of parts of the property at £3 or thereabouts. This would seem to show that the estate was worth more than the Government paid for it.

On the other hand, within less than a year afterwards the Popotunoa Estate, of 10,147 acres, adjoining Pomahaka, and undoubtedly a very fine, well subdivided, and well cultivated property, was sold for an average of £2 2s.

It was, however, urged on the Committee that there were special reasons for these low prices—admittedly much lower than the owners' value. The owner (Mr. J. Logan) had recently died, and his executors put all his property in the district—30,000 acres in all—into the market, thereby out-running the demand for land and lowering the price.

The opinion expressed before the Committee by all the witnesses who spoke to the point, except two, was that £2 10s. was a fair price. On the other hand, of these two witnesses—one, the Inspector of the Union Bank, spoke of value for lending rather than purchasing purposes, and, while stating that the bank called up an advance of between £8,000 and £9,000 on the security of the property, gave as his chief reason that it was not a banking security. The other witness, Mr. Stevenson, said the land was worth between £1 and £1 10s. per acre.

Lastly, there is the practical test of value afforded by the rents paid by settlers who have taken up sections since the property was thrown open by the Government. Up to 24th July, 1894, 5,230 acres have been disposed of at an average rental of 3s. 4d., or a capital value of £3 6s. 6d. per acre; leaving about 1,800 acres still to be let. And it must be borne in mind that these rents were given in spite of much depreciation of the property in the Otago papers, and Mr. Scobie Mackenzie's public statements that the soil was cold and ungenerous, and that the rental for years had been 6d., representing a capital value of 10s per acre.

After giving careful consideration to all the evidence on the point, the Committee are of opinion that the price paid by the Government was a fair and reasonable one.

With respect to the petition it was admitted that it was got up by Mr. Douglas, but it was signed by 301 settlers and others in and about the district; it was presented in the ordinary way by the member for the district, who knew many of the signatures, and had no reason to doubt its genuineness; and it could have had no possible effect on the price, inasmuch as its existence was not known to the Board at its meeting in Dunedin, when the price was fixed. For these reasons the Committee fail to see how it affects the matter.

As regards the suggestions of undue haste, the Committee are of opinion that no impropriety is disclosed. Mr. Barron was justified in hastening the preliminary inspection of the property as an adjoining estate, the Conical Hills, was also under offer, and it was expedient that both should be before the Board together. The telegrams about the Board meeting are sufficiently explained by the fact that the Surveyor-General had left Wellington to attend meetings in Canterbury, Otago, and Invercargill, and, to save his time, it was of importance that the Board business should be ready for him on his arrival at Dunedin. As to the suggestion that Mr. Ritchie improperly induced Mr. Barron (the Under-Secretary of Lands) to instruct the preliminary inspection without the knowledge or authority of his superior officer, the evidence was uncontradicted that Mr. Barron was not exceeding his authority. Mr. Ritchie, too, though a nephew of Mr. Douglas, and a Government officer, did not, in the opinion of the Committee, interfere otherwise than an outsider might have done, and there is nothing to show that he promoted the purchase or influenced the price.

As bearing on the question of undue haste, it appeared that the offer to sell was made on the 21st August, the offer to buy on the 25th September, Mr. Douglas accepted on the 3rd October, and the purchase-money was not paid until after the 20th.

With respect to Conical Hills, the evidence clearly shows that the purchase was impracticable at the time, and could not have been effected without beginning the whole negotiations *de novo*. The offer was to exchange, and there was no statutory power to exchange. The Board's recommendation was to exchange the whole or purchase a portion, whereas there was no specific offer to sell the whole and no offer whatever to sell less than the whole. Moreover, there were not funds sufficient to purchase the portion recommended, still less to purchase the whole.

Mr. Scobie Mackenzie dwelt strongly on the fact that the correspondence between Mr. Douglas and Mr. Ritchie was not produced. The explanation offered was that it consisted of letters and telegrams between uncle and nephew, and was therefore not preserved. With respect to a telegram from Mr. Ritchie to Mr. Barron which was not on the file, the Committee accept Mr. Barron's explanation, that unimportant papers are not always filed; and, in this instance, as the telegram was sent long after the purchase was concluded, it cannot have much bearing on the matter.

Throughout the whole inquiry nothing has at any time been adduced to show that the Minister in any way departed from the strict line of his official duty—and, indeed, he appears to have had very little to do with the purchase except signing the ordinary official papers.

Finally, and as the result of as exhaustive an inquiry as they could make, the committee find that there was no ground for the grave charges made by Mr. Scobie Mackenzie, and that neither the Minister nor any member of the Lands and Survey Department or of the Board of Land Purchase Commissioners is in any way affected either as to integrity or capacity.

The Committee feel it their duty to refer to one other point:—

In the course of his evidence, Mr. Scobie Mackenzie said that neither in his speech (quoted above) nor at any other time did he impute corruption to the Minister, and that so far as he knew no inference of corruption was ever drawn from his speech or his subsequent correspondence in the *Otago Daily Times*: further, that he was not responsible for the inquiry, and was merely there because the Committee had invited him.

The Committee regret that they cannot agree with him. In their opinion, no reasonable man can read the speech without drawing the inference that the speaker is intending a charge of corruption. The effect of the preliminary disclaimer is merely to put the charges in the form of innuendo instead of direct statement, and to serve as a loophole to escape the responsibility of having to prove them. There was ample evidence before the Committee that, as a matter of fact, the inference was drawn, and that Mr. Scobie Mackenzie knew it and countenanced it.

They are further of opinion that charges of corruption, if made at all, should be made plainly and specifically instead of by innuendo and suggestion, and that the person who makes them should when challenged either prove them or withdraw them. Mr. Scobie Mackenzie has done neither.

R. THOMPSON,
Chairman.

MINUTES OF PROCEEDINGS.

WEDNESDAY, 15TH AUGUST, 1894.

The Committee met pursuant to notice.

Present: Mr. Thompson (Chairman), Mr. Duncan, Mr. Hall, Mr. Hogg, Mr. T. Mackenzie, Mr. Mackintosh, Hon. Mr. McKenzie, Mr. Mills.

The minutes of the previous meeting were read and confirmed.

Pomahaka Estate Purchase Inquiry.

The Order of Reference having been read by the Clerk,

Resolved, That the Surveyor-General and Dr. Fitchett, Assistant Law Officer, be asked to attend on Friday next, the 17th instant.

Resolved, That the Clerk do write to Mr. M. J. Scobie Mackenzie, and to editor of the *Otago Daily Times*, Dunedin, inviting them, if they have evidence to offer, to be present at an early date at the inquiry, and asking them for the names and addresses of any witnesses whom they wish to bring forward in support of the said allegations; the expenses of these witnesses to be paid, if summoned, by the Committee.

Resolved, That Mr. Maitland, Chief Commissioner of Crown Lands, Dunedin; Mr. Adams, Chief Surveyor, Dunedin; and Mr. William Dallas, Balclutha, be also invited, by notice, to appear at the inquiry.

Further consideration postponed till Friday, 17th instant, at 11 a.m.

TUESDAY, 4TH SEPTEMBER, 1894.

The Committee met pursuant to notice.

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

The minutes of the previous meeting were read and confirmed.

Dr. Fitchett, Acting Assistant Crown Law Officer, was present as representing the department.

The Clerk read the correspondence and telegrams which had passed between him, on behalf of the Committee, and Mr. Scobie Mackenzie and the editor and the manager of the *Otago Daily Times*.

The Hon. Mr. McKenzie made a statement with regard to the above correspondence, and left the room, as he did not wish to be present at the inquiry, unless when required by the Committee.

Mr. Hall moved, That all the witnesses in the case be allowed to be present.

Mr. Mackintosh proposed, as an amendment, That no witnesses be allowed to be present while the evidence is being taken, with the exception of Mr. J. Scobie Mackenzie and the witness under inquiry; Mr. J. Scobie Mackenzie to be represented by counsel if he so desire.

On the question being put, That Mr. Mackintosh's amendment be agreed to, the Committee divided and the names were taken down as follows:—

Ayes, 4.—Mr. Green, Mr. T. Mackenzie, Mr. Mackintosh, Mr. Mills.

Noes, 2.—Mr. Duncan, Mr. Hall.

So the amendment was resolved in the affirmative.

The Surveyor-General, Mr. Percy Smith, was present, and was examined on oath; his evidence being taken down by a reporter.

The Hon. Sir Robert Stout moved, That Mr. John Douglas, Mount Royal, Palmerston South, be summoned to attend the inquiry, by telegram from the Clerk.

The meeting then adjourned until Wednesday, 5th September, at 11 a.m.

WEDNESDAY, 5TH SEPTEMBER, 1894.

The Committee met pursuant to notice.

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

The minutes of the previous meeting were read and confirmed.

A letter was read from Mr. J. Green, requesting the Chairman "to procure for the information of the Committee the names of the purchasers in the Pomahaka Estate; and that Mr. John Douglas be instructed to bring up with him all correspondence in connection with the affair that passed between himself and any other person."

Resolved, on the motion of the Hon. Sir Robert Stout, That Mr. John Douglas be asked to bring with him all correspondence in connection with the Pomahaka purchase, say, during the past twelve months.

Dr. Fitchett was again present on behalf of the department, as also Mr. M. J. Scobie Mackenzie.

The Surveyor-General, Mr. Percy Smith, was then further examined, his evidence being taken down by a reporter.

Mr. Maitland, Chief Commissioner of Crown Lands, Dunedin, then gave his evidence on oath.

After which the Committee adjourned until Thursday, 6th September, at 11 a.m.

THURSDAY, 6TH SEPTEMBER, 1894.

The Committee met pursuant to notice.

Present: Mr. Thompson (Chairman), Mr. Duncan, Mr. Green, Mr. Hall, Mr. Hogg, Mr. T. Mackenzie, Mr. Mackintosh, Mr. Meredith, Mr. Mills.

The minutes of the previous meeting were read and confirmed.

Dr. Fitchett and Mr. M. J. Scobie Mackenzie were both in attendance.

Mr. C. W. Adams, Chief Surveyor, Dunedin, was present, and examined on oath.

Mr. William Dallas, Balclutha, was also present, and examined on oath.

The Committee then adjourned till Friday, 7th September, at 11 a.m.

FRIDAY, 7TH SEPTEMBER, 1894.

The Committee met pursuant to notice.

Present: Mr. Thompson (Chairman), Mr. Duncan, Mr. Green, Mr. Mackintosh, Mr. Meredith.

There being so few members present, owing to the late sitting of the previous evening, and the general desire being that there should be a full attendance during the Pomahaka Estate Purchase Inquiry, the Committee adjourned till 10 a.m. on Tuesday, the 11th September.

TUESDAY, 11TH SEPTEMBER, 1894.

The Committee met pursuant to notice.

Present: Mr. Thompson (Chairman), Mr. Duncan, Mr. Green, Mr. Hall, Mr. Hogg, Mr. T. Mackenzie, Mr. Mackintosh, Mr. Meredith, Mr. Mills; also Dr. Fitchett and Mr. M. J. Scobie Mackenzie.

The minutes of the previous meeting were read and confirmed.

Resolved, on the motion of Mr. C. H. Mills, seconded by Mr. T. Mackenzie, That a telegram be sent to the editor of the *Otago Daily Times*, requesting him to name any witnesses *re* Pomahaka Inquiry, alluded to in his sub-leader of the 8th instant, which the Committee might summon, to (as he says) "tell the real story."

Resolved, That the following be summoned by telegram to give evidence before the Committee: Mr. Hansen Turton, District Land Registrar, Dunedin; Mr. A. C. Begg, commission agent, Dunedin; a member of the firm of Messrs. Wright, Stephenson, and Co., auctioneers, Dunedin; Mr. William Turnbull, land agent, Clinton; Mr. William Stevenson Tutarau; Mr. Donald MacDonald, manager, Edendale; Mr. Hugh Cameron, farmer, Waitahuna.

Mr. William Dallas was then further examined on oath.

Mr. A. Barron, Under-Secretary for Lands and Survey, then gave his evidence on oath.

After which the Committee adjourned until Wednesday, 12th September, at 11 a.m.

WEDNESDAY, 12TH SEPTEMBER, 1894.

The Committee met pursuant to notice.

Present : Mr. Thompson (Chairman), Mr. Duncan, Mr. Green, Mr. Hall, Mr. Hogg, Mr. T. Mackenzie, Mr. Mackintosh, Mr. Mills, Hon. Sir R. Stout; also Dr. Fitchett and Mr. M. J. S. Mackenzie.

The minutes of the previous meeting were read and confirmed.

Mr. A. Barron was then further examined on oath.

Mr. J. D. Ritchie, of the Stock Department, was sworn, but not examined, as

The Committee then adjourned until 10.30 a.m., Thursday, the 13th instant.

THURSDAY, 13TH SEPTEMBER, 1894.

The Committee met pursuant to notice.

Present : Mr. Thompson (Chairman), Mr. Duncan, Mr. Green, Mr. Hall, Mr. Hogg, Mr. T. Mackenzie, Mr. Mackintosh, Mr. Meredith, Mr. Mills, Hon. Sir R. Stout; also Dr. Fitchett and Mr. M. J. S. Mackenzie.

The minutes of the previous meeting were read and confirmed.

A telegram was read from Mr. George Fenwick, editor of the *Otago Daily Times*, in reply to the telegram from the Committee, of Tuesday, 12th inst.

Mr. J. D. Ritchie, of the Stock Department, was then examined on oath.

Mr. John Douglas, Mount Royal, Palmerston South, was then examined on oath, which evidence was interrupted by the Committee adjourning till 11 a.m. on Friday, the 14th instant.

FRIDAY, 14TH SEPTEMBER, 1894.

The Committee met pursuant to notice.

Present : Mr. Thompson (Chairman), Mr. Duncan, Mr. Green, Mr. Hall, Mr. Hogg, Mr. T. Mackenzie, Mr. Mackintosh, Mr. Mills; also Dr. Fitchett and Mr. M. J. Scobie Mackenzie.

The minutes of the previous meeting were read and confirmed.

Telegrams from and to Messrs. J. A. Johnstone, George Fenwick (the editor of the *Otago Daily Times*), and others, were read by the Clerk.

Resolved, That a telegram be sent to Mr. J. A. Johnstone, requesting him to bring with him to Wellington all books and papers showing the financial transactions between his firm and Mr. Douglas in connection with Pomahaka Estate.

Before Mr Douglas's examination was resumed, at the request of Mr. Scobie Mackenzie, Mr. A. Barron, Under-Secretary for Lands and Survey, was recalled, and further examined by Mr. Scobie Mackenzie.

Mr. John Douglas was then further examined on oath.

The Committee, through the Chairman, decided to issue a summons to compel Mr. J. A. Johnstone, of Messrs. Wright, Stephenson and Co., auctioneers, Dunedin, to attend, to give evidence on oath before them.

After which the Committee adjourned until Tuesday, 18th September, at 10.30 a.m.

TUESDAY, 18TH SEPTEMBER, 1894.

The Committee met pursuant to notice.

Present : Mr. Thompson (Chairman), Mr. Duncan, Mr. Hall, Mr. Hogg, Mr. Mackintosh, Mr. Meredith, Mr. Mills, Hon. Sir Stout; also Dr. Fitchett and Mr. Scobie Mackenzie.

The minutes of the previous meeting were read and confirmed.

The Clerk read several telegrams in reference to the above inquiry.

The further examination of Mr. John Douglas was postponed, to allow the following witnesses to give their evidence, so that they might return to Dunedin by the first steamer.

Mr. J. A. Johnstone, of Messrs. Wright, Stephenson, and Co., auctioneers, Dunedin, was examined on oath.

Mr. J. D. Ritchie, of the Stock Department, at the request of Mr. Scobie Mackenzie, was recalled, on the question of a telegram alleged to have passed between him, Mr. Ritchie, and Mr. Johnstone, of Messrs. Wright, Stephenson and Co., Dunedin.

Mr. A. C. Begg, general manager for Messrs. Robert Campbell and Sons (Limited), Dunedin, was after this examined on oath.

The Committee then adjourned until Wednesday, the 19th September, at 11 a.m.

WEDNESDAY, 19TH SEPTEMBER, 1894.

The Committee met pursuant to notice.

Present : Mr. Thompson (Chairman), Mr. Duncan, Mr. Green, Mr. Hall, Mr. Hogg, Mr. Mackintosh, Mr. Meredith, Mr. Mills, Hon. Sir R. Stout; also Dr. Fitchett and Mr. Scobie Mackenzie.

The minutes of the previous meeting were read and confirmed.

Mr. Hanson Turton, District Land Registrar, Dunedin, was examined on oath.

Mr. Hugh Cameron, President of the Waitahuna Farmers' Club, then gave his evidence on oath.

Mr. John Douglas was then further examined on oath.

Resolved, That a telegram be sent to Mr. Alexander Brown, Abbotsford, asking, "Can you state whether any offer was made by you between 1870 and 1880 to Mr. Douglas for purchase of

Pomahaka, and what the offer was? Have you ever at any time made offers to any one for the Pomahaka land; and, if so, when, and what was the offer?"

The Committee then adjourned until Thursday, the 20th instant, at 11 a.m.

THURSDAY, 20TH SEPTEMBER, 1894.

The Committee met pursuant to notice.

Present: Mr. Thompson (Chairman), Mr. Duncan, Mr. Green, Mr. Hogg, Mr. Mackintosh, Mr. Meredith, Mr. Mills, Hon. Sir R. Stout; also Dr. Fitchett and Mr. Scobie Mackenzie.

The minutes of the previous meeting on the 19th instant were read and confirmed.

The Clerk read a telegram from Mr. Alexander Brown, Abbotsford, in reply to that from the Committee.

Mr. John Douglas's further examination was then continued and concluded.

Mr. Percy Smith, Surveyor-General, was recalled, and further examined on oath with reference to the report of the Land Purchase Board of Otago on the Conical Hills and Pomahaka Estates.

Resolved, at request of Mr. Scobie Mackenzie, to summon Mr. H. L. Brittan, Inspector, Union Bank, Wellington, to give evidence before the Committee on Tuesday next, 25th September.

The Committee then adjourned till Friday, the 21st September, at 11 a.m.

FRIDAY, 21ST SEPTEMBER, 1894.

The Committee met pursuant to notice.

Present: Mr. Thompson (Chairman), Mr. Duncan, Mr. Green, Mr. Hall, Mr. Hogg, Mr. T. Mackenzie, Mr. Mackintosh, Hon. Mr. McKenzie, Mr. Mills; also Dr. Fitchett and Mr. Scobie Mackenzie.

The minutes of the previous meeting on the 20th instant were read and confirmed.

The Hon. Mr. McKenzie, Minister of Lands, was examined on oath.

The Committee then adjourned until Saturday, the 22nd instant, at 11 a.m.

TUESDAY, 25TH SEPTEMBER, 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. Meredith, Mr. Mills, Hon. Sir R. Stout; also Dr. Fitchett and Mr. Scobie Mackenzie.

The minutes of the previous meeting held on the 22nd September were read and confirmed.

Mr. William Turnbull, agent, Clinton, was examined on oath.

The Committee then adjourned until Wednesday the 26th instant, at 11 a.m.

WEDNESDAY, 26TH SEPTEMBER, 1894.

The Committee met pursuant to notice.

Present: Mr. Thompson (Chairman), Mr. Duncan, Mr. Green, Mr. Hall, Mr. T. Mackenzie, Mr. Mackintosh, Mr. Mills; also Dr. Fitchett and Mr. Scobie Mackenzie.

The minutes of the previous meeting on the 25th September were read and confirmed.

Mr. Harry Lyttelton Brittan, Inspector, Union Bank, Wellington, was examined on oath.

The Committee then adjourned till Thursday, 27th September, at 11 a.m.

THURSDAY, 27TH SEPTEMBER, 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; also Dr. Fitchett and Mr. Scobie Mackenzie.

The minutes of the previous meeting on the 26th instant were read and confirmed.

Mr. William Stevenson, farmer, Tutura, was examined on oath.

Mr. H. L. Brittan was recalled, in order to correct a date given in his evidence on the previous day.

Mr. Thomas Mackenzie, M.H.R., Clutha, was then examined on oath.

The Committee afterwards adjourned till Friday, 28th September, at 11 a.m.

FRIDAY, 28TH SEPTEMBER, 1894.

The Committee met pursuant to notice.

Present: Mr. Thompson (Chairman), Mr. Duncan, Mr. Green, Mr. Hall, Mr. T. Mackenzie, Mr. Mackintosh, Mr. Meredith, Mr. Mills; also Dr. Fitchett and Mr. Scobie Mackenzie.

The minutes of the previous meeting on the 27th instant were read and confirmed.

By request of Mr. Scobie Mackenzie, Mr. J. D. Ritchie was recalled, and examined with regard to a telegram which passed between him and Mr. Douglas.

Mr. Scobie Mackenzie was then examined on oath by Dr. Fitchett and the Committee.

On the question being put, That the Committee, by permission of the House, should meet this (Friday) afternoon, instead of adjourning till Tuesday next,

The Committee divided and the names were taken down as follow:—

Ayes, 2.—Mr. Green, Mr. Mills.

Noes, 3.—Mr. T. Mackenzie, Mr. Mackintosh, Mr. Meredith.

The Committee then adjourned till Tuesday next, at 10.30 a.m.

TUESDAY, 2ND OCTOBER, 1894.

The Committee met pursuant to notice.

Present: Mr. Thompson (Chairman), Mr. Duncan, Mr. Green, Mr. Hall, Mr. Hogg, Mr. T. Mackenzie, Mr. Mackintosh, Mr. Mills.

The minutes of the previous meeting on the 28th September were read and confirmed.

Mr. Scobie Mackenzie summed up the evidence and addressed the Committee, and Dr. Fitchett replied.

Further discussion and consideration of above subject postponed till the printed evidence is laid before the Committee.

The Committee then adjourned until Wednesday, the 3rd October, at 11 a.m.

FRIDAY, 5TH OCTOBER, 1894.

The Committee met pursuant to notice.

Present: Mr. Thompson (Chairman), Mr. Duncan, Mr. Hall, Mr. Hogg, Mr. Mackintosh.

The minutes of the previous meeting held on the 4th October were read and confirmed.

* * * * *

Copies of the printed evidence given before the Committee in the above inquiry were distributed among the members.

Mr. Green moved, That a Sub-committee, consisting of the Chairman, Mr. Hogg, and the Hon. Sir R. Stout, be appointed to consider the evidence taken in the Pomahaka Estate Purchase Inquiry, and submit to the General Committee on Tuesday morning next, at 10.30 a.m., a draft report thereon.

Mr. Hogg moved, as an amendment, That the resolution moved by Mr. Green, appointing a Committee to prepare a report on the Pomahaka Inquiry, be considered on Tuesday next.

The Question being put, That the amendment be agreed to, the Committee divided, and the names were taken down as follow:—

Ayes, 2.—Mr. Hall, Mr. Hogg.

Noes, 1.—Mr. Green.

So the amendment was resolved in the affirmative.

The Committee then adjourned until Tuesday next, the 9th October, at 10.30 a.m.

TUESDAY, 9TH OCTOBER, 1894.

The Committee met pursuant to notice.

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

The minutes of the previous meeting held on the 5th instant were read and confirmed.

The Committee then considered the printed evidence before them, with a view to reporting thereon.

Resolved, That the following draft report brought forward by the Hon. Sir R. Stout be printed, and submitted for final revision by the Committee on the following day:—

Your Committee was ordered to consider "the whole transactions in connection with the purchase of the Pomahaka Block under 'The Land for Settlements Act, 1892.'"

In pursuance of such order, your Committee has taken evidence, which is annexed to this report. At the inquiry Dr. Fitchett, from the Crown Law Office, appeared for the Minister of Lands and the Land Department. Mr. Scobie Mackenzie, at the invitation of the Committee, attended, examined witnesses, and afterwards addressed the Committee. The reason for the inquiry was given by Dr. Fitchett to be that certain statements had been made by Mr. Scobie Mackenzie, whilst a candidate for the Waihemo electorate, and that such statements were a reflection on the Minister of Lands. The statements referred to were 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 do not even include him among the political players. 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 downright bad purchase, a much worse one than Cheviot. I only know the land by repute, but it is a cold, ungenerous soil. It is purchased on the eve of a general election. The owner of it is an influential man in this immediate neighbourhood. He employs a number of men, and may influence a number of votes. His nephew is head of one branch of the Minister's department. The land has been for sale for many years. I heard it myself offered for sale at the same price, I think, ten years ago. It has been rented for a long time at 6d. per acre rent, which is 5 per cent. on a capital value of 10s. per acre. I believe, even at that rent, the land was about to be thrown up. Now, all these things may be mere isolated facts—there may be no connection between them at all. But a Minister's mind may be influenced unconsciously by the pressure of his friends, by the fear of his enemies, by fifty circumstances which have no direct connection with corruption, but which lead in that direction. I want you to remember this: It has never been the policy of the English law or custom to invest any individual with unchecked power over his neighbour."

The Pomahaka Estate is situate in Otago, lying south of the Pomahaka River, and some distance north of the Township of Clinton. It contains 7,462 acres, and was bought by Mr. John Douglas in 1869 or 1870, at 10s. per acre, at auction. Land could only be sold at that price in Otago after it had been open for sale for seven years at £1 per acre. Mr. Douglas never improved the land, and seems to have been anxious, since 1882, to find a purchaser for it. In 1889 he sold 1,140 acres of the estate at £3 12s. 6d. an acre on terms, the last payment of the

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 $17\frac{3}{4}$ 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 Spielers. 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-

right bad purchase, a much worse one than Cheviot. I only know the land by repute, but it is a cold, ungenerous soil. It is purchased on the eve of a general election. The owner of it is an influential man in this immediate neighbourhood. He employs a number of men, and may influence a number of votes. His nephew is head of one branch of the Minister's department. The land has been for sale for many years. I heard it myself offered for sale at the same price, I think, ten years ago. It has been rented for a long time at 6d. per acre rent, which is 5 per cent. on a capital value of 10s. per acre. I believe even at that rent the land was about to be thrown up. Now, all these things may be mere isolated facts; there may be no connection between them at all. But a Minister's mind may be influenced unconsciously by the pressure of his friends, by the fear of his enemies, by fifty circumstances which have no direct connection with corruption, but which lead in that direction. I want you to remember this: It has never been the policy of the English law or custom to invest any individual with unchecked power over his neighbour."

His opponent, the Hon. J. McKenzie, took these remarks to convey a charge of corruption against himself, and made a public reply at Palmerston. Considerable discussion followed in the Dunedin newspapers, and both Mr. Scobie Mackenzie and the editor of the *Otago Daily Times* demanded a searching inquiry, on the grounds that the purchase was an improper one and the price absurdly excessive.

With a view of securing the fullest investigation, the Committee specially invited both these gentlemen to attend the proceedings, and also asked them to name what witnesses they thought should be called, the Committee offering to pay all expenses.

The editor declined to attend, and said he had no witnesses to name. He had written merely as a public journalist.

Subsequently, whilst the inquiry was in progress, this gentleman in his leading columns stated that the Committee was only taking such evidence as would suit the Minister and the department, but that the evidence of those who, "if properly examined," could tell "the real story," was not being procured. Thereupon the Committee asked him to name the persons who, as he had said, could tell "the real story." In reply, he mentioned Messrs. Wright, Stephenson, and Co., of Dunedin, and the paid agents of Mr. Douglas. The Committee then summoned a member of that firm, and also the paid agents of Mr. Douglas, as named by Mr. M. J. Scobie Mackenzie, and took their evidence.

Mr. Scobie Mackenzie attended the proceedings, pursuant to the Committee's request. He was accorded the right of being represented by counsel, which he declined. The Committee also decided that he alone, of all the witnesses, should be constantly present, and that he should have the right to cross-examine. He exercised this right freely, and also called evidence himself, and addressed the Committee.

Dr. Fitchett attended the proceedings, examined witnesses, and addressed the Committee on behalf of the Department of Lands and Survey and the Board of Land Purchase Commissioners, who considered that their integrity was attacked.

Mr. Scobie Mackenzie, whilst stating that he made no charges, urged that the evidence showed,—

- (1.) That the estate was purchased at a price far in excess of its value;
- (2.) That one main factor in effecting the purchase was a petition falsely purporting to come from settlers, but in reality got up by Mr. John Douglas himself, urging the Minister to acquire the land for purposes of settlement;
- (3.) That, in Mr. Douglas's interest, undue haste was displayed throughout the whole transaction; and
- (4.) That, in the same interest, the purchase was effected in the face of a recommendation of the Board that preference should be given to another property—the Conical Hills Estate.

With reference to the first point, Was the price a fair one? the evidence consisted of—(1) Previous sales and subsequent sales of property in the Pomahaka and neighbouring districts; (2) opinion of witnesses; and (3) prices actually paid by settlers for the Pomahaka Estate when thrown open by the Government.

In 1889, 1,140 acres of the same estate, and not the best part of it, were sold at £3 12s. 6d., and for several hundred acres £3 was refused. Moreover, between 1889 and 1893 there were negotiations for sale and lease of parts of the property at £3 or thereabouts. This would seem to show that the estate was worth more than the Government paid for it.

On the other hand, within less than a year afterwards, the Popotunoa Estate of 10,147 acres, adjoining Pomahaka, and undoubtedly a very fine, well subdivided, and well cultivated property, was sold for an average of £2 2s.

It was, however, urged on the Committee that there were special reasons for these low prices—admittedly much lower than the owners' value. The owner (Mr. J. Logan) had recently died, and his executors put all his property in the district—30,000 acres in all—into the market, thereby outrunning the demand for land and lowering the price.

The opinion expressed before the Committee by all the witnesses who spoke to the point, except two, was that £2 10s. was a fair price. On the other hand, two witnesses—one the Inspector of the Union Bank—spoke of value for lending rather than purchasing purposes, and, while stating that the bank called up an advance of between £8,000 and £9,000 on the security of the property, gave as his chief reason that it was not a banking security. The other witness, Mr. Stevenson, said the land was worth between £1 and £1 10s. per acre.

Lastly, there is the practical test of value afforded by the rents paid by settlers who have taken up sections since the property was thrown open by the Government. Up to 24th July, 1894, 5,230 acres have been disposed of at an average rental of 3s. 4d., or a capital value of £3 6s. 6d. per acre; leaving about 1,800 acres still to be let. And it must be borne in mind that these rents were given in spite of much depreciation of the property in the Otago papers, and Mr. Scobie Mackenzie's

public statements that the soil was cold and ungenerous, and that the rental for years had been 6d., representing a capital value of 10s. per acre.

After giving careful consideration to all the evidence on the point, the Committee are of opinion that the price paid by the Government was a fair and reasonable one.

With respect to the petition, it was admitted that it was got up by Mr. Douglas, but it was signed by 301 settlers and others in and about the district; it was presented in the ordinary way by the member for the district, who knew many of the signatures, and had no reason to doubt its genuineness; and it could have had no possible effect on the price, inasmuch as its existence was not known to the Board at its meeting in Dunedin, when the price was fixed. For these reasons the Committee fail to see how it affects the matter.

As regards the suggestions of undue haste, the Committee are of opinion that no impropriety is disclosed. Mr. Barron was justified in hastening the preliminary inspection of the property, as an adjoining estate, the Conical Hills, was also under offer, and it was expedient that both should be before the Board together. The telegrams about the Board meeting are sufficiently explained by the fact that the Surveyor-General had left Wellington to attend meetings in Canterbury, Otago, and Invercargill, and, to save his time, it was of importance that the Board business should be ready for him on his arrival at Dunedin. As to the suggestion that Mr. Ritchie improperly induced Mr. Barron (the Under-Secretary of Lands) to instruct the preliminary inspection without the knowledge or authority of his superior officer, the evidence was uncontradicted that Mr. Barron was not exceeding his authority. Mr. Ritchie, too, though a nephew of Mr. Douglas, and a Government officer, did not, in the opinion of the Committee, interfere otherwise than an outsider might have done, and there is nothing to show that he promoted the purchase or influenced the price.

As bearing on the question of undue haste, it appeared that the offer to sell was made on the 21st August, the offer to buy on the 25th September, Mr. Douglas accepted on the 3rd October, and the purchase-money was not paid until after the 20th.

With respect to Conical Hills, the evidence clearly shows that the purchase was impracticable at the time, and could not have been effected without beginning the whole negotiations *de novo*. The offer was to exchange, and there was no statutory power to exchange. The Board's recommendation was to exchange the whole or purchase a portion; whereas there was no specific offer to sell the whole, and no offer whatever to sell less than the whole. Moreover, there were not funds sufficient to purchase the portion recommended, still less to purchase the whole.

Mr. Scobie Mackenzie dwelt strongly on the fact that the correspondence between Mr. Douglas and Mr. Ritchie was not produced. The explanation offered was that it consisted of letters and telegrams between uncle and nephew, and was therefore not preserved. With respect to a telegram from Mr. Ritchie to Mr. Barron which was not on the file, the Committee accept Mr. Barron's explanation, that unimportant papers are not always filed; and, in this instance, as the telegram was sent long after the purchase was concluded, it cannot have much bearing on the matter.

Throughout the whole inquiry nothing has at any time been adduced to show that the Minister in any way departed from the strict line of his official duty—and, indeed, he appears to have had very little to do with the purchase except signing the ordinary official papers.

Finally, and as the result of as exhaustive an inquiry as they could make, the Committee find that there was no ground for the grave charges made by Mr. Scobie Mackenzie, and that neither the Minister nor any member of the Lands and Survey Department, or of the Board of Land Purchase Commissioners, is in any way affected, either as to integrity or capacity.

The Committee feel it their duty to refer to one other point:—

In the course of his evidence, Mr. Scobie Mackenzie said that neither in his speech (quoted above) nor at any other time did he impute corruption to the Minister, and that so far as he knew no inference of corruption was ever drawn from his speech, or his subsequent correspondence in the *Otago Daily Times*; further, that he was not responsible for the inquiry, and was merely there because the Committee had invited him.

The Committee regret that they cannot agree with him. In their opinion, no reasonable man can read the speech without drawing the inference that the speaker is intending a charge of corruption. The effect of the preliminary disclaimer is merely to put the charges in the form of innuendo instead of direct statement, and to serve as a loophole to escape the responsibility of having to prove them. There was ample evidence before the Committee that, as a matter of fact, the inference was drawn, and Mr. Scobie Mackenzie knew it and countenanced it.

They are further of opinion that charges of corruption, if made at all, should be made plainly and specifically instead of by innuendo and suggestion, and that the person who makes them should when challenged either prove them or withdraw them. Mr. Scobie Mackenzie has done neither.

Resolved, on the motion of the Hon. Sir R. Stout, That further consideration of these two reports, of the Hon. Sir R. Stout and Mr. Mills, be postponed till Thursday, the 11th instant, at 11 a.m.

The Committee then adjourned until Thursday, 11th October, at 11 a.m.

THURSDAY, 11TH 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 10th instant were read and confirmed.

At the request of the Hon. Sir R. Stout, the Clerk laid on the table a statement showing the approximate cost of the inquiry to be £343 5s. 1d.

The Hon. Sir R. Stout moved, That his draft report be considered the basis of the report from the Committee.

Mr. Mills moved, by way of amendment, That his draft report be considered the basis of the report from the Committee.

The question being put, That the amendment be agreed to, the Committee divided, and the names were taken down as follow :—

Ayes, 6.—Mr. Duncan, Mr. Hall, Mr. Hogg, Mr. Mackintosh, Mr. Meredith, Mr. Mills.

Noes, 3.—Mr. Green, Mr. T. Mackenzie, Hon. Sir R. Stout.

So the amendment was resolved in the affirmative.

Mr. Mills's draft report was then read by the Clerk, and considered *seriatim* by the Committee.

The Hon. Sir R. Stout moved, Page 2, line 6, after the words "was a fair price," to insert the following paragraph :—

"The only witnesses who were not in some way implicated or connected with the purchase of the estate who spoke of value were: Mr. H. Cameron, a farmer at Waitahuna, who visited the land once, and Mr. W. Stevenson, who has been for some years manager of the Wairuna Station, adjoining Pomahaka."

The question being put, That the paragraph be so inserted, the Committee divided, and the names were taken down as follow :—

Ayes, 3.—Mr. Green, Mr. Lang, Hon. Sir Robert Stout.

Noes, 6.—Mr. Duncan, Mr. Hall, Mr. Hogg, Mr. Mackintosh, Mr. Meredith, Mr. Mills.

Mr. T. Mackenzie absent.

So it passed in the negative. Insertion not agreed to.

Mr. Meredith moved, Page 2, line 12, after the words "£1 10s. per acre," to strike out all the words after "but," to "judgment," both inclusive.

The question being put, That these words be so struck out, the Committee divided, and the names were taken down as follow :—

Ayes, 7.—Mr. Green, Mr. Hall, Mr. Hogg, Mr. Lang, Mr. Mackintosh, Mr. Meredith, Hon. Sir R. Stout.

Noes, 2.—Mr. Duncan, Mr. Mills.

Mr. T. Mackenzie absent.

So it was resolved in the affirmative, that these words be so struck out.

Mr. Mackintosh moved, That the paragraph commencing with the words "In these circumstances" and ending with the words "rests with him" should be struck out.

The question being put, That this paragraph be so struck out, the Committee divided, and the names were taken down as follow :—

Ayes, 7.—Mr. Green, Mr. Hall, Mr. Hogg, Mr. Lang, Mr. Mackintosh, Mr. Meredith, Hon. Sir R. Stout.

Noes, 2.—Mr. Duncan, Mr. Mills.

Mr. T. Mackenzie absent.

So it was resolved in the affirmative, that this paragraph be so struck out.

Mr. Mills moved, That the report as amended be adopted by the Committee.

The question being put, That the report as amended be so adopted, the Committee divided and the names were taken down as follow :—

Ayes, 6.—Mr. Duncan, Mr. Hall, Mr. Hogg, Mr. Mackintosh, Mr. Meredith, Mr. Mills.

Noes, 3.—Mr. Green, Mr. Lang, Hon. Sir R. Stout.

Mr. T. Mackenzie, absent.

So it was resolved in the affirmative, that the report as amended be so adopted.

The Committee then adjourned until Friday, the 12th October, at 11 a.m.

CORRESPONDENCE.

SIR,— House of Representatives, Wellington, 16th August, 1894.

The Hon. Mr. John McKenzie having asked for an inquiry into the charges made against him in connection with the Pomahaka purchase, the House has referred it to the Waste Lands Committee to make such inquiry; and I have the honour, under instructions from the Chairman, to invite the editor of your journal to attend if he desires to do so; also, to request him to forward to me the names and addresses of such persons as he may wish to be summoned as witnesses.

The Committee takes this step, as it understands that the charges were first formulated in the *Otago Daily Times*, and the editor in its leading columns called for a searching investigation. He shall have due notice of the date on which his evidence is to be taken; and, with a view of making the investigation as searching as possible, the Committee will arrange to defray his expenses, also those of his witnesses, if summoned.

For his information I enclose copy of the Order of Reference. Kindly confer with him on the matter, and favour me with an early reply.

I have, &c.,

W. F. HILSON,

Clerk, Waste Lands Committee.

The Manager, *Otago Daily Times*, Dunedin.

(Telegram.)

Wellington, 17th August, 1894.

SINCE posting of letter inviting your editor to attend Waste Lands Committee on hearing of inquiry as to Pomahaka purchase, if he so desire, I have to inform you the date of commencement of inquiry has been fixed for Thursday, 30th August, when the evidence of the Surveyor-General will be taken.

The Manager, *Otago Daily Times*, Dunedin.W. F. HILSON,
Clerk, Waste Lands Committee.

DEAR SIR,—

Dunedin, 28th August, 1894.

I have to acknowledge receipt of your letter of the 16th instant, conveying, under instructions of the Chairman of the Waste Lands Committee, an invitation to me to attend a meeting of the Committee, in connection with its consideration of the question of the Pomahaka purchase.

I cannot see that any good purpose would be served by my attendance. Anything that I could say in connection with the purchase in question has been already said in the columns of the *Otago Daily Times*, in the performance of my duties as a journalist, and I must refer you to the articles in which the purchase was referred to.

Thanking the Committee for the courtesy extended to me,

I am, &c.,

Mr. W. F. Hilson,

Clerk to Waste Lands Committee,

House of Representatives, Wellington.

GEORGE FENWICK,

Editor, *Otago Daily Times*.

SIR,—

House of Representatives, Wellington, 16th August, 1894.

The Hon. Mr. John McKenzie, having asked for an inquiry into the charges made against him in connection with the Pomahaka purchase, the House has referred it to the Waste Lands Committee to make such inquiry; and I have the honour, under instructions from the Chairman, to invite you to attend, if you desire so to do; also to request you to forward to me the names and addresses of such persons as you may wish to be called as witnesses. You shall have due notice of the date on which your evidence is to be taken; and, with a view of securing the fullest investigation, the Committee will arrange to defray your expenses, as also those of your witnesses, if summoned. I am writing in similar terms to the editor of the *Otago Daily Times*. For your information I inclose copy of the Order of Reference. An early reply is requested.

I have, &c.,

W. F. HILSON,

M. J. Scobie Mackenzie, Esq., Dunedin.

Clerk, Waste Lands Committee.

(Telegram.)

17th August, 1894.

SINCE posting of letter inviting you to attend Waste Lands Committee, *re* hearing of inquiry as to Pomahaka purchase, if you so desire, I have to inform you that the date of the commencement of inquiry has been fixed for Thursday, 30th August, when the evidence of the Surveyor-General will be taken.

M. J. Scobie Mackenzie, Esq., Dunedin.

W. F. HILSON,
Clerk, Waste Lands Committee.

(Telegram.)

18th August, 1894.

YOUR telegram re-addressed to me here on my way up-country. Will not receive letter you refer to until about twenty-eighth, on my return to Dunedin. Gather from your telegram that I am invited attend Committee about Pomahaka. Shall, of course, do so, but cannot catch earlier steamer than Saturday, 1st September. Am assuming expenses paid. Reply to Naseby.

Clerk, Waste Lands Committee,
House of Representatives, Wellington.

SCOBIE MACKENZIE, Waihemo.

(Telegram.)

20th August, 1894.

TELEGRAM received. If you so desire it, the inquiry will be postponed until Tuesday, 4th September, so as to enable you to be present from commencement. My letter asks you to submit names and addresses of any persons you may wish to be called as witnesses, so that Committee may summon them. Your expenses will be paid, also those of your witnesses. Please reply promptly.

W. F. HILSON, Clerk, Waste Lands Committee,

House of Representatives, Wellington.

M. J. Scobie Mackenzie, Esq., Naseby.

(Telegram.)

25th August, 1894.

THANKS telegram. Tuesday, 4th, will be convenient. Not being the prosecutor, I have no witnesses. The position is that the Committee do me the honour invite my attendance, and I accept.

W. F. Hilson, Clerk, Waste Lands Committee, Wellington.

SCOBIE MACKENZIE, Naseby.

(Telegram.)

27th August, 1894.

POMAHAKA Purchase Inquiry postponed until Tuesday, 4th (fourth) September.

W. F. HILSON, Clerk, Waste Lands Committee,

House of Representatives, Wellington.

The Manager, *Otago Daily Times*, Dunedin.

(Telegram.)

11th September, 1894.

I AM instructed by the Chairman of the Waste Lands Committee, to which is referred the Pomahaka inquiry, to request you to attend at Wellington as soon as possible in order to give evidence relating to the matter. Please bring with you all books and papers in your possession in any way bearing upon the purchase of the Pomahaka Estate or the subject-matter of the inquiry. Your expenses will be paid. Kindly telegraph stating when you will reach Wellington.

W. F. HILSON, Clerk, Waste Lands Committee,
House of Representatives, Wellington.

Hansen Turton, Esq., District Deeds Registrar, Dunedin.

Similar messages were sent to C. W. Adams, Chief Surveyor, Dunedin; J. P. Maitland, Commissioner of Crown Lands, Dunedin; W. Dallas, Valuer, Balclutha; John Douglas, Mount Royal, Palmerston; W. Turnbull, Agent, Clinton; A. C. Begg, Agent, Dunedin; H. Cameron, Farmer, Waitahuna; W. Stevenson, Farmer, Mataura.

(Telegram.)

11th September, 1894.

I AM instructed by the Chairman of the Waste Lands Committee, to which is referred the Pomahaka inquiry, to request your Mr. Johnstone to attend at Wellington as soon as possible in order to give evidence relating to the matter. Please tell him to bring with him all books and papers in his possession in any way bearing upon the purchase of the Pomahaka Estate or the subject-matter of the inquiry. Mr. Johnstone's expenses will be paid. Kindly telegraph stating when Mr. Johnstone will reach Wellington.

W. F. HILSON, Clerk, Waste Lands Committee,
Wellington.

Messrs Wright, Stephenson, and Co., Auctioneers, Dunedin.

(Telegram.)

12th September, 1894.

I CAN give no evidence relative to Pomahaka purchase. Douglas made sale himself; I had nothing whatever to do with it. My firm were mortgagees of the land, but were not employed about the sale of it, and did not interfere in any way.

J. A. JOHNSTONE, Dunedin.

W. F. Hilson, Esq., House of Representatives, Wellington.

(Telegram.)

11th September, 1894.

I AM directed by the Chairman of the Waste Lands Committee, to which is referred the Pomahaka inquiry, to telegraph to you the following resolution which was passed by the Committee to-day: "That a telegram be sent to the Editor of the *Otago Daily Times* requesting him to name any witnesses *re* Pomahaka Inquiry alluded to in his sub-leader of the 8th instant, which the Committee might summon to, as he says, 'tell the real story.'"

W. F. HILSON, Clerk, Waste Lands Committee,
House of Representatives, Wellington.

The Manager, *Otago Daily Times*, Dunedin.

(Telegram.)

12th September, 1894.

THE persons alluded to as those who could tell the real story are Mr. John Douglas and his paid agents, who got up the petition, and the then editor of the *Popotunoa Chronicle*. Committee has doubtless been informed that the Union Bank held a mortgage, and were calling in their money, and that Wright, Stephenson, and Co. were interested in a somewhat similar way. The manager of the Bank and the members of that firm could state the facts which necessitated the land being pressed upon the Government. *Daily Times* articles never imputed anything corrupt, or suggested any improper motives in the Minister of Lands, but asserted what these witnesses could doubtless prove, if properly examined—namely, that the Government were induced by interested parties to pay an absurd price for the land.

GEORGE FENWICK, Dunedin.

W. F. Hilson, Clerk, Waste Lands Committee,
House of Representatives, Wellington.

(Telegram.)

13th September, 1894.

THE Editor *Daily Times* has telegraphed that your firm were interested in effecting the purchase of Pomahaka Estate as mortgagees, and induced the Government to give an absurd price. Evidence on the point therefore indispensable, and you must attend as requested in my former telegrams. The Committee expects you to reach Wellington by Sunday's steamer. Please reply immediately.

W. F. HILSON, Clerk, Waste Lands Committee,
House of Representatives, Wellington.

J. A. Johnstone, Esq.,

of Messrs. Wright, Stephenson, and Co's., Dunedin.

(Telegram.)

13th September, 1894.

MAY I ask whether Waste Lands Committee do not consider it improper on their part to mention my name in telegram to Mr. Johnstone. I do not know that I particularly object, but the Committee surely ought to have asked my permission first. I gave them the information they asked for, and with that they should have been satisfied.

GEORGE FENWICK, Dunedin.

W. F. Hilson, Clerk, Waste Lands Committee,
House of Representatives, Wellington.

(Telegram.)

13th September, 1894.

Re Pomahaka Inquiry, and telegram to Mr. J. A. Johnstone: The Chairman instructs me to say that the Committee is not conscious of any impropriety on its part. Mr. Johnstone was asked to attend and give evidence. He replied that he had none to give. Thereupon I sent him a statement of the information you said his firm possessed, and quoted you as authority in order to satisfy him that the Committee was not acting on light grounds. Your telegram was not confidential. With regard to your denial of the construction placed on it by the Committee, I have to-day sent a full copy to Mr. Johnstone to enable him to judge for himself, and have added the Chairman's conviction that nothing would prevent him hastening to meet the imputation cast upon his firm.

W. F. HILSON, Clerk, Waste Lands Committee,
 Manager, *Otago Daily Times*, Dunedin. House of Representatives, Wellington.

(Telegram.)

13th September, 1894.

HAVE shown your telegram to editor *Daily Times*, who denies he ever said anything of the kind you mention, and has promised to telegraph you to that effect. It is exceedingly inconvenient for me to leave Dunedin just now, owing to business engagements, and I hope Committee will dispense with my attendance. I know nothing whatever about Pomahaka purchase. Can therefore give no evidence of slightest value.

W. F. Hilson, Esq., Clerk, Waste Lands Committee,
 House of Representatives, Wellington.

J. A. JOHNSTONE, Dunedin.

(Telegram.)

13th September, 1894.

MR. JOHNSTONE has shown me your telegram. I never said that he or his firm induced the Government to give an absurd price for Pomahaka Estate. Nothing I have said can be construed to mean such a thing. I am satisfied that neither Mr. Johnstone or Wright, Stephenson, and Co. interfered in the sale, or influenced Government in any way. Meaning of my telegram was that Wright, Stephenson, and Co. would be in a position to say that Mr. John Douglas was so situated, owing to pressure of Union Bank, as to compel him to use extraordinary exertions to dispose of property without delay to his only possible buyer, the Government.

GEORGE FENWICK, Dunedin.

W. F. Hilson, Clerk, Waste Lands Committee,
 House of Representatives, Wellington.

(Telegram.)

13th September, 1894.

Re Pomahaka Inquiry.—For your information I append copy of the telegram from editor *Daily Times*, from which you will see that the Committee cannot dispense with your attendance. It runs thus: "W. F. Hilson, Clerk, Waste Lands Committee, House of Representatives, Wellington.—The persons alluded to as those who could 'tell the real story' are Mr. John Douglas and his paid agents who got up the petition, and the then editor of the *Popotunoa Chronicle*. Committee has doubtless been informed that the Union Bank held a mortgage and were calling in their money, and that Wright, Stephenson, and Co. were interested in a somewhat similar way. The manager of the bank and the members of that firm could state the facts which necessitated the land being pressed upon the Government. *Daily Times* articles never imputed anything corrupt or suggested any improper motives in the Minister of Lands, but asserted what these witnesses could doubtless prove, if properly examined—namely, that the Government were induced by interested parties to pay an absurd price for the land.—GEORGE FENWICK, Dunedin." The Chairman is satisfied that no business engagements will prevent you hastening to meet the very serious imputation conveyed in the editor's telegram. Kindly reply saying when you will reach Wellington.

W. F. HILSON, Clerk, Waste Lands Committee,
 J. A. Johnstone, Esq., House of Representatives, Wellington.
 Messrs. Wright, Stephenson, and Co., Auctioneers, Dunedin.

(Telegram—Urgent.)

14th September, 1894.

I HAVE to repeat that no imputation cast on firm Wright, Stephenson, and Co., and am surprised that such interpretation my telegram persisted in. My telegram of yesterday surely clear and explicit enough to have prevented Chairman urging Mr. Johnstone "to meet the imputation cast upon his firm," such imputation never having been made.

GEORGE FENWICK, Dunedin.

W. F. Hilson, Clerk, Waste Lands Committee,
 House of Representatives, Wellington.

(Telegram.)

14th September, 1894.

EDITOR of *Otago Daily Times* having withdrawn in his telegrams of yesterday and to-day what you have considered as imputations on my firm, in connection with the Pomahaka purchase, no object can possibly be gained in dragging me to Wellington. I have never had, nor has my firm had, anything to do with the Pomahaka purchase in any shape or form. If I could give any information I would willingly sacrifice my personal interest to do so. Mr. Fenwick's telegram relating to myself and my firm reads thus: "I am satisfied that neither Mr. Johnstone nor Wright, Stephenson, and Co. interfered in the sale, or influenced the Government in any way." Please wire excusing me from attendance.

J. A. JOHNSTONE.

W. F. Hilson, Esq., Clerk, Waste Lands Committee,
 House of Representatives, Wellington.

(Telegram.)

14th September, 1894.

Re Pomahaka Inquiry.—The editor's withdrawal of his imputations cannot, in the opinion of the Committee, affect the fact that they were made, and the Chairman instructs me to express his surprise that you should value the reputation of your firm so lightly. Unless by to-morrow (Saturday morning) I receive your assurance that you will attend forthwith, bringing with you all books and papers relating to the financial transactions between your firm and Mr. Douglas in connection with the Pomahaka Estate, you will be reported to the House for contempt.

W. F. HILSON, Clerk, Waste Lands Committee,
House of Representatives, Wellington.

J. A. Johnstone, Esq.,
Messrs. Wright, Stephenson, and Co., Auctioneers, Dunedin.

(Telegram.)

14th September, 1894.

LEAVING by to-morrow's express to catch steamer at Lyttelton. Hope Committee can arrange to have my evidence taken at nine o'clock on Monday morning, so that I may return by "Talune," as I must be in Dunedin on Wednesday. Kindly send note of arrangements to Empire Hotel, so that I may get it on arrival.

J. A. JOHNSTONE, Dunedin.

W. F. Hilson, Esq., Clerk, Waste Lands Committee,
House of Representatives, Wellington.

(Telegram.)

19th September, 1894.

Re Pomahaka inquiry.—I am directed by the Chairman of the Waste Lands Committee to ask can you state whether any offer was made by you between 1870 and 1880 to Mr. Douglas for purchase of Pomahaka, and what the offer was? Have you ever at any time made offers to any one for the Pomahaka land, and if so, when, and what was the offer? Reply collect.

W. F. HILSON, Clerk, Waste Lands Committee,
House of Representatives, Wellington.

Alexander Brown, Esq., Abbotsford.

(Telegram.)

20th September, 1894.

Re Pomahaka property.—Cannot remember any definite offer made between 1871 and 1880. Asked Mr. Begg to place Pomahaka under offer at £2 12s. 6d. about twelve years ago, and asked Douglas to place it under offer at £2 10s. per acre, about seven years ago.

ALEX. BROWN, Abbotsford.

W. F. Hilson, Clerk, Waste Lands Committee, Wellington.

MINUTES OF EVIDENCE.

TUESDAY, 4TH SEPTEMBER, 1894.

The Chairman : How do you suggest that this inquiry be conducted?

Dr. Fitchett : I appear for the department. The position is this, and I had better state it that the Committee may know the reason of the inquiry being called for : In September, 1893, the Pomahaka Estate, consisting of about 7,200 acres, was purchased from Mr. John Douglas for £2 10s. per acre, under "The Land for Settlements Act, 1892." In the course of the Waihemo campaign at the last general election, Mr. Scobie Mackenzie, when addressing the electors, made certain statements in connection with this purchase reflecting on the Hon. John McKenzie, Minister of Lands. There are a very few lines, so I propose to read them. They are in his published speech, and all the trouble arises from them. This is what he said :—

"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 among the political spielers. 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 downright bad purchase, a much worse one than Cheviot. I only know the land by repute, but it is a cold, ungenerous soil. It is purchased on the eve of a general election. The owner of it is an influential man in this immediate neighbourhood. He employs a number of men, and may influence a number of votes. His nephew is head of one branch of the Minister's department. The land has been for sale for many years. I heard it myself offered for sale at the same price, I think, ten years ago. It has been rented for a long time at 6d. per acre rent, which is 5 per cent. on a capital value of 10s. per acre. I believe even at that rent the land was about to be thrown up. Now, all these things may be mere isolated facts—there may be no connection between them at all. But a Minister's mind may be influenced unconsciously by the pressure of his friends, by the fear of his enemies, by fifty circumstances which have no direct connection with corruption, but which lead in that direction. I want you to remember this : It has never been the policy of the English law or custom to invest any individual with unchecked power over his neighbour."

It is from the *Otago Daily Times*. These remarks were made in the heat of the campaign, and if they had ended there they might not have called for further notice. But they were taken up after the election and universally construed as a charge of corruption against the Minister. Mr. Scobie Mackenzie did nothing to correct this impression. On the contrary, during the lengthy newspaper controversy which ensued, and in which he took a prominent part, he repeatedly declared that he could prove the truth of every word he had said, and more. He had "unearthed a job"; the "spectacle was a deplorable one"; and "if a searching inquiry were not made into all the circumstances it would be a lasting disgrace to the colony." The *Otago Daily Times*, the leading paper in Otago, demanded in its leading columns that a retrospective Act should be passed to cancel the sale. It also supported Mr. Scobie Mackenzie in calling for a searching inquiry. That is the Minister's position. He has either conspired with Mr. Douglas to defraud the colony, or he has allowed himself to be made a tool of by Mr. Douglas. Hence this inquiry. As regards the department, it is either incompetent or dishonest. The statements of Mr. Scobie Mackenzie and the *Otago Daily Times* mean this, if they have any meaning at all. I would suggest that these should be the points which the Committee should keep before them : Did the Minister in any way interfere as he should not have interfered? Did the department exercise due judgment and care in recommending the purchase? Finally, as a matter of fact, is the purchase one that in the interests of settlement should have been made? I propose, therefore, to let the Committee know all that occurred with reference to the purchase, and to lead evidence as to the value of the land and the present position of the estate. I will begin by calling the Surveyor-General.

Hon. J. McKenzie : I may say, gentlemen, that it is not my intention to be present while the inquiry is being held; but before I leave I should like to hear the telegrams and other correspondence with regard to those who have been invited to attend this inquiry. I should also like to state that I think Mr. Douglas should be asked to attend the inquiry, and also Mr. Turton, of Dunedin, the other member of the Board which made the purchase. I am of opinion that it is very important to have these gentlemen here. Both Mr. Douglas and Mr. Turton could give valuable evidence towards the purposes of the inquiry, and if you communicate with them by telegraph they could be here by Thursday or Friday next.

The Chairman : It is proposed to take the evidence of the Surveyor-General first.

Hon. J. McKenzie : I should like to hear the correspondence read. [Correspondence read by the clerk.]

Hon. J. McKenzie : I should like to see Mr. Scobie Mackenzie present. At Naseby the other night he said he had been invited to be present, but that others had been summoned to be here. I am not aware, and you will correct me if I am wrong in saying that no one has been summoned to attend at this inquiry.

The Chairman : The usual printed form requesting attendance was sent to the Civil servants interested in the inquiry. In the cases of Mr. Scobie Mackenzie and the editor *Otago Daily Times*, letters were sent to these gentlemen merely inviting them to be present at the inquiry. That being so, the Hon. Mr. McKenzie is right in saying that no summonses were sent to any one.

Hon. J. McKenzie : Very well, Sir, then it amounts to this—that the statement made by Mr. Scobie Mackenzie is not correct. With regard to the editor of the *Otago Daily Times*—Mr. Fenwick—it is for you gentlemen as a Committee to say whether he should not be compelled to appear before this Committee. He has endeavoured, in connection with the Pomahaka purchase, by every means in his power, to blast my reputation as a member of the Government, and has allowed the columns of his paper to be used unsparingly for the same purpose at all times; and now, when he is invited to come here and give evidence, in order, if possible, to substantiate the charges he has made against me, he excuses himself by stating that he has nothing to say. It is for you to decide whether he should not be compelled to come before this Committee in order to do this. This man for the last six months has been making every endeavour to slander me, to vilify me, and to libel me in every shape and form and on every possible occasion, and now, when he is afforded an opportunity of coming and proving that the charges are correct, if he can do so, he gets out of it by stating that he has nothing to say. I do not think a man should be allowed to act in this way, and it is for you to say whether he should come here or not. It is not my intention to be present while the inquiry is going on, but before I leave I wish to say that I will always be available to the Committee in the event of their wishing to ask me any questions.

Mr. S. PERCY SMITH examined on oath.

1. *Dr. Fitchett*.] Your name is S. Percy Smith?—Yes.
2. You are Surveyor-General?—Yes, and Secretary of Crown Lands.
3. You are also Chairman of the Board of Land Purchase Commissioners appointed under "The Land for Settlements Act, 1892"?—Yes.
4. It was under the provisions of that Act that the Pomahaka Estate was purchased?—Yes.
5. When did you first come in contact with this matter?—On the 21st August, 1893.
6. Before going into details of this particular matter, will you tell the Committee what is the usual practice in your department in connection with these purchases?—The usual practice is this: Offers of land are received from the public of blocks which they are desirous of selling to the Government. These offers almost invariably come to the Minister of Lands from those who are desirous of selling. The Minister then refers the matter to me as Surveyor-General. On receipt of the letters containing the offer, if I know the property myself, or the country, and that it is likely to be in such a situation, and the character of the land such as to suit the requirements of the Act, I then recommend the Minister to advise the Governor to refer the matter to the Land Purchase Board. If, on the other hand, I have not sufficient personal knowledge of the property offered, the matter is then referred to one of the local officers—the Chief Surveyor of the district, the Crown Lands Ranger, or any other officer who can advise us as to the character of the land, its general situation, its suitability for cutting up into farms, the possible demand for land in the district, and any other particulars that would enable us to decide if the case under consideration should come within the terms of the Act. On receipt of that report it is my duty to recommend the Minister to advise the Board or not. The majority of the cases which come in are dealt with by the department without going to the Board. A *précis* of the *modus operandi* will be found in the report on "The Land for Settlements Act, 1892." There are a very few exceptions to the course which has been stated. In some cases the Minister of Lands himself has a knowledge of particular blocks which are offered for sale to the Government, and with this knowledge he has been enabled to refer the matter to the Board, without a preliminary report from one of the Crown Land officers.

7. Is there any departure made from this procedure?—This is the usual practice.

8. In this particular instance, Mr. Smith, you say you came into contact with the matter on the 21st August, 1893?—Yes. On the 21st August the Chief Surveyor, Otago, was to go down to report on the offer of the Conical Hills Estate. We heard, on the 21st August I believe—you will be told the exact date later on—that the Pomahaka Estate was to be offered to the Government. A telegram was consequently sent to the Chief Surveyor, who was then on his road to Conical Hills—the telegram intercepting him—asking him to at the same time furnish a report on the Pomahaka Estate. This was done in order to save the time and expense of getting two reports at different times.

9. The two estates are near each other?—Within a few miles.

Dr. Fitchett : The following was the telegram sent to the Chief Surveyor on 21st August. [Telegram read : Appendix A.]

10. *Dr. Fitchett*.] After that what occurred, so far as you know?—The next thing that occurred was the receipt in Wellington of the Chief Surveyor's report, and, in consequence, the reference of the offer to the Board of Land Purchase Commissioners.

Mr. Mills : Is there a map illustrating the property, so that we, who know nothing of the situation, may be able to form a better idea?

Dr. Fitchett : I will lay a map before you. [Map produced, and proximity of estates pointed out.]

[At this stage Mr. Scobie Mackenzie appeared.]

The Chairman (to Mr. Scobie Mackenzie) : Do you wish to be present at the inquiry? It is not a very attractive programme.

[The Clerk here read the motions passed at the commencement of the proceedings.]

Mr. Scobie Mackenzie : I do not know that I should be represented by counsel, or that I have any witnesses.

Dr. Fitchett: I will put in the Chief Surveyor's report. It is as follows. [Appendix B. Plan also put in.]

11. *Dr. Fitchett.*] On receipt of that report, what did you do?—The next step would be the reference to the Board of Land Purchase Commissioners.

12. I have here a telegram to the Commissioner of Crown Lands, Dunedin: "Please wire valuation of Conical Hills and Pomahaka Estates to-day.—A. Barron." It is dated 30th August, 1893, and marked "urgent"? [Appendix C.]—I was just starting for Cheviot. I was to have left on the 30th, but the s.s. "Hinemoa" was going next day, so I went by her. There were about a dozen cases going before the Otago and Canterbury Boards, and I required the information to arrange my movements. On same day I got reply, and minuted same for Mr. Barron. [Appendix D.]

13. On the same day you received a telegram from Mr. Adams: "In my letter posted yesterday by 'Tarawera' I omitted to state that there is a plentiful supply of lignite on the Pomahaka Estate, the locality being known as the Burning Plains, and situated in Block XIV., Pomahaka District. Am informed that this seam of lignite has been on fire for the last thirty years, but I had not time to visit the locality."

14. You got it at Cheviot—it was wired on there?—Yes.

15. You went down and held a meeting of the Board?—Yes, on the 9th September; but I stayed on the way at Christchurch, and arranged several departmental matters there. On the 11th, 12th, and 13th September the Board sat in Dunedin to consider the three cases before them—Conical Hills Estate, Pomahaka Estate, and Teanaraki Estate. The members present were—the Commissioner of Crown Lands, the District Land Registrar, and myself. The other member of the Board—the Commissioner of Taxes—was here in Wellington, and could not attend, because he had a Bill coming on before Parliament. I had been in communication with him in Christchurch, which led to my delay and stay there.

16. What occurred when Mr. Adams sent in his report?—It would be considered by the department, and the Minister would be recommended to advise the Governor to direct the Board to report, and the Governor would direct accordingly.

Dr. Fitchett: These are the documents. [Documents read: Appendices E and F.]

17. *Dr. Fitchett.*] Was this done in your absence?—Yes.

18. This being done, it would be necessary to appoint some one to value the land on behalf of the Board?—Yes.

19. Who was selected?—Mr. Dallas. This is how the appointment took place: When at Cheviot I heard that Mr. Adams's report on Pomahaka was in, and that it was satisfactory. I therefore communicated with the Commissioner of Taxes, asking him if he could suggest a good man to value Pomahaka. He recommended Mr. Dallas.

Dr. Fitchett: I will put in the telegram. [Telegram put in: Appendix G.]

Mr. Smith (continuing): On receipt of that telegram I instructed the Commissioner of Crown Lands, Dunedin, if he and the District Land Registrar approved, to instruct Mr. Dallas accordingly. [Telegram put in: Appendix H.]

20. *Dr. Fitchett.*] You had no personal communication with Mr. Dallas on the subject?—No.

21. Mr. Dallas, however, was present at the Board meeting?—Yes. Mr. Turton, Mr. Maitland, and myself were also present at that meeting. We took the evidence of Mr. Dallas and that of Mr. Adams.

Mr. Thomas Mackenzie: Is Mr. Dallas's evidence here?

Dr. Fitchett: We have his last report, and he is here. I will put that report in. [Report read and handed in, also plan: Appendix I.]

Mr. Thomas Mackenzie: Does it state the carrying-capacity of the ground?

Dr. Fitchett: He gives the yield per acre, but does not say anything as to the carrying-capacity of the land.

22. *Dr. Fitchett.*] What further evidence, if any, did you take at the meeting of the Board in addition to this?—We took the evidence of the Chief Surveyor, who is a man who knows a great deal about the value of land, especially in Otago. We had also the values by the Crown Lands Ranger who is mentioned in Mr. Adams's report. Further, the Chief Surveyor and the Crown Lands Ranger Hughan agreed as to the price at which it was valued. In addition to all this, one member of the Board—Mr. Turton—had a report of the amounts at which the adjacent lands were sold.

Dr. Fitchett: I hand in this report as to the amounts which were paid for adjacent lands, but the Committee will please treat the names as confidential. [Report handed in: Appendix J.]

23. *Dr. Fitchett.*] You not only had the written report of the Ranger, Chief Surveyor, Valuer, and others, but you had a list of the amounts that had been paid for the various properties round about?—Yes.

24. Do you consider that your evidence was exhaustive?—I do. Moreover, we had the tax-value, and I have had very considerable experience of land-tax values. We consider this was 10 per cent. to 25 per cent. below the value of the land. I wish to emphasize what I am saying now, because it is one of the things which had an important bearing on the favourable report of the Board.

25. As the result of that meeting you held at Dunedin the Board made a report?—Yes, to the Governor, recommending the purchase at £2 10s. per acre, in terms of Board minute. [Appendix U.]

26. Up to this time had you been brought into communication with the Minister on the matter?—Absolutely none whatever.

27. You finished your business in Dunedin, and in due time got back to Wellington?—Yes, I came back from Dunedin, leaving on the 14th. I held a meeting of the Board in Christchurch, which took me the best part of the week. I got back to Wellington on 22nd September.

28. What was your next step in the matter?—My next transaction in the matter was some-

where about the 25th September. I took the reports of the Board and went through them with the Minister. This was the first time that the Minister and I had ever mentioned the Pomahaka. I opened the subject by saying that it would be a great convenience to Mr. Douglas if he could get an answer about this matter quickly. I had heard this in Dunedin—I did not see Mr. Douglas myself. Therefore I said to the Minister that should he approve of the purchase I would telegraph to Mr. Douglas. The Minister agreed, and consequently I sent a telegram to Mr. Douglas on 25th September. [Telegram read: Appendix K.]

29. *Dr. Fitchett.*] I think you got a reply?—There was a reply came from Mr. Douglas on 27th September.

30. This was the reply, was it not [telegram read: Appendix L.]?—Yes.

31. What did you do with it?—I minuted it to the Minister.

32. The minute was as follows [minute read: Appendix M.]?—Yes.

Dr. Fitchett: The Minister's minute to that of yours was, "Accordingly: J. McK., 29/9/93"?—Yes.

33. *Dr. Fitchett.*] What occurred then?—I replied to Mr. Douglas accordingly on 2nd October.

34. Your reply was as follows [reply read: Appendix N.]?—Yes.

35. The next occurrence?—The next was this telegram from Mr. Douglas to me, dated 3rd October. [Telegram read: Appendix O.]

36. The next step?—The next step was the letter from Mr. Douglas.

Dr. Fitchett: I put it in. It reads as follows. [Letter read: Appendix P.]

37. *Dr. Fitchett.*] There is a minute of yours on it, also one of the Minister's?—I minuted it to the Minister on 4th October, who in turn also minuted it on the 7th. [Appendix P.]

38. *Dr. Fitchett.*] Had you any communication with the Minister on this subject?—No.

39. The purchase went through in the ordinary way?—Yes.

40. The Minister never approached you in the matter?—No.

41. Or any one on his behalf?—No.

42. Nor on behalf of Mr. Douglas?—No.

Mr. Smith: May I be allowed to say something on this subject?

The Chairman: Yes.

Mr. Smith: What I wish to say is this: There are a great many of these cases that come before the Government, as will be seen by the last annual report of the department, covering in area nearly one million acres of ground. In all these cases, the Minister of Lands has never spoken to me personally concerning any of them, with the exception of one. He has at all times been exceedingly careful to avoid any appearance of having influenced myself, and I believe the same remark applies with regard to the other members of the Board. However, speaking for myself, I have to say that he has never spoken to me except upon the one occasion I have mentioned. Everything has been done in writing, and everything is on record. As soon as these offers of property come in they are referred to me, and I then take further steps. I might explain that the facts in connection with the exception I have mentioned were: A property was offered in the North Island. A gentleman made a request that for certain financial reasons the matter should not be allowed to get about. As a result, the Minister sent for me, told me exactly what I have just stated, and requested that the matter might be kept quiet. This was the only occasion on which the Minister ever mentioned a case to me before it had gone before the Board.

43. *Dr. Fitchett.*] The purchase was concluded in the ordinary way?—Yes.

44. Could you form any opinion as to whether the Board, in the light of subsequent events, was justified in making the purchase? Do you still think that the purchase was in the interests of the colony?—I do most certainly think so, and that, after considering roads, &c., the outcome of the whole thing has justified the Board in its action with regard to the purchase. At the present time there are twenty-two out of twenty-nine sections selected, representing 5,391 acres taken up out of 7,261. This brings in a rental of £897 per annum out of a total possible rental of £1,193. The total cost of the land and roading, &c., is about £20,000, as will be seen by the report. [Report put in.] The rental coming in amounts to 4½ per cent. on the money expended, including roading and incidental expenses, &c., and there are 1,870 acres unoccupied, the estimated annual value of which is £296. I may say that a later report by Mr. Maitland will be put in.

45. *Dr. Fitchett.*] Do you know if the tenants are paying the rents?—Yes, up to date.

46. Do you know anything of a statement which appeared in the *Otago Daily Times* four days ago to the effect that the tenants on Pomahaka were complaining of their rents, and asking for a reduction?—I have not heard of it.

47. You are satisfied that the purchase was a prudent one?—Yes.

48. There is a petition: did it come into your hands?—It came into the department.

49. Is a petition customary?—Yes, frequently; but we may get an offer submitted in any form.

Mr. Mills: What is the prayer of the petition?

Dr. Fitchett: The petition is as follows. [Petition read: Appendix Q.]

50. *Dr. Fitchett.*] Do you know if there is any Crown land in the neighbourhood of this?—No; there is not.

51. Do you know how many signatures are to it?—No; the petition was received at headquarters. It was not before the Board in Dunedin, and therefore did not interfere with its deliberations.

52. *Mr. Duncan.*] Had the petition any effect on the purchase—or, rather, were the members of the Board aware there was a petition of the sort in existence?—I think not. I personally was not.

53. *Mr. Thomas Mackenzie.*] You say you heard that the property was to be offered to the Government on 21st August, 1893, but you do not say from whom you heard this?—You will get evidence as to that. I heard about it from Mr. Barron, the Under-Secretary.

54. That was really before the date of this petition?—Yes; that is so.

55. *Mr. Green.*] Was this in writing?—No; the communication was not in writing. Mr. Barron and I do not write to each other.

Mr. Hall: Their rooms are next to each other.

56. *Mr. Green.*] Was not this the junior leading the senior?—No. Mr. Barron told me that the Pomahaka Estate was going to be offered to the Government, and it was on the strength of that that the telegram was sent to the Chief Surveyor, Dunedin.

57. I would like to know how it was that the thing was first set in motion?—Mr. Barron will be here.

58. *Mr. Mackintosh.*] Do not all the communications to the Lands Department pass through Mr. Barron's hands?—Nearly all.

59. *Mr. Scobie Mackenzie.*] I understood Mr. Smith to say that the results of this transaction are perfectly satisfactory to him,—the settlers are paying a certain rental—£897 per annum. Is this actually paid or is it due?—That is the actual rate per annum that will be paid. The condition when the lands are taken up is that a half-year's rent shall be paid at once.

60. So that nothing is paid except what is legally necessary. Is there none due now?—I should not like to answer that question from memory. In some few cases it may have been due in June last. The land was offered for selection on the 20th February, and consequently the half-yearly rental would be paid down on that date to represent the period between the 1st July last and the 31st December next. Therefore no further money is due until the 1st January next.

61. In expressing your satisfaction with the sale you assume the rents will be paid, and you are not aware of any agitation amongst the settlers to get the rents reduced?—No; I am not aware of any.

62. You have seen nothing to that effect in the papers?—No.

63. Do you know if a public meeting is now being got up or not for the purpose of having the rents reduced; and, that being the case, would you feel confident the rents would come in?—It would affect my confidence if the rents did not come in.

64. If you knew that the settlers were agitating for a reduction of their rents, would that affect your confidence?—The mere fact of that would not affect my confidence at all.

65. You are not aware of any objection to the rents, as being too high, made by the settlers?—No, I am not aware of any objection to the rents.

66. You compile the Crown Lands Report, do you not?—I do.

67. Have you read that of 31st March last?—I have, but I do not remember it just now.

68. Would it affect your confidence to see it stated in that report, by Mr. Maitland, to the effect that there was a general feeling that the rents at Pomahaka were too high?—I do not remember that appearing.

69. Do you not think you should have informed yourself of your own reports before you make statements like you have made? You say you had heard nothing to the effect that the rents were considered too high, and yet Mr. Maitland says—

The Chairman: Mr. Maitland will give evidence.

70. *Mr. Scobie Mackenzie.*] I was saying that the Crown Lands Report I have referred to accounts for the comparative failure by saying there was a general feeling amongst settlers that the prices were too high. Mr. Percy Smith compiled that report. I have not one here?—If I had read that it might make some difference as to the actual words I should use on the occasion.

WEDNESDAY, 5TH SEPTEMBER, 1894.

Mr. PERCY SMITH further examined.

1. *Mr. Scobie Mackenzie.*] Before proceeding, I would ask if you would be prepared to put in the Crown Lands Report? The point is this: He (the witness) said he was perfectly satisfied with the results of the transactions in the Pomahaka Estate, and he said he had never heard any complaint from the settlers as to the price of the land. Is that right?—Yes.

2. On page 22 of that report Mr. Maitland says the following in connection with it: "It (the Pomahaka Estate) has not, however, been taken up so speedily as was anticipated, and there is no doubt that one of the chief causes of this was that the people were led to believe that a large estate in that and the adjacent district would be brought into the market; and this, considering that the land referred to is of more convenient access, militated, and still militates, against the taking up of the Pomahaka sections." You were aware of that paragraph yesterday, Mr. Smith?—I did not recollect it when you asked the question.

3. So that, when you made the statement that you heard no complaint as to the price of the land, you said so under a misapprehension?—I understood so in reply to the question as you put it to me. You said something as to a suspicion.

4. No; that was another suspicion. That was natural enough, as it only appeared in the newspapers two days ago.

5. You said yesterday that you had never heard of any complaint from the settlers as to the price of the land?—I think so; the Commissioner's remarks is not a complaint, I presume.

6. An official complaint, no. You led the Committee, and certainly led me, to that conclusion, but it is open to correction now. You said you were perfectly satisfied with the result of the sale, and had heard of no objections to the price of the land?—Generally I think I said so; I cannot quite recollect the exact words. I wish to add, you will observe, that the Commissioner says, "As far as I have been able to ascertain, the price at which the land was opened was considered somewhat high." Those are the Commissioner's words. That does not apply to the price given for the land at all; it is a separate question.

7. Were there two prices asked for the land?—No; allow me to read what the Commissioner says again, "The price at which the land was opened was considered somewhat high." That has nothing to do with the price paid for the land.

8. Was it not opened under the ballot system?—Yes; but that is not the price at which the land was purchased. I submit that the question before the Committee is not the price at which the land was sold at all, but the price which Government gave for it.

9. I understood you to say that the remainder of the land was afterwards offered at too high a price?—I did not say so. I did not say it was too high.

10. That must be implied in the Crown Lands Report, by Mr. Maitland?—That is how I read Mr. Maitland's remarks. The Committee will have an opportunity of reading Mr. Maitland's evidence.

11. At any rate I was satisfied that you referred to the result of the sale of the land. Is it not your own report? Is it not done by the officer who has the block in charge?—You can put your own interpretation on what Mr. Maitland says.

12. May I ask for your interpretation—it is your own report?—I beg your pardon, it is not my report, it is the Commissioner's report.

13. Was this report bound up in your own report?—It was.

14. Are you responsible for the report?—I am not responsible for the individual opinions of my officers under their own signatures. I am bound to put in, unless there are very strong reasons, the reports as they come from the officers.

15. Then you prefer not to express an opinion?—I have already stated what interpretation I should put on that report of Mr. Maitland's.

16. Then we will ask Mr. Maitland about it. I think you stated that you had found that land-tax valuations were generally from 10 to 25 per cent. lower than the real value.—I said so.

17. Will you explain to the Committee how that comes about? Have you any valuer for the Crown? What do they do in such cases?—I can only give you my individual opinion; but this is a Tax Department business. My opinion is that the tax valuations are universally low. I think you will find that City, Road Board, &c. rating is universally low.

18. The point is an important one. Do not the individual owners value the land themselves in the first instance for tax purposes?—Yes; they send in a report.

Mr. Scobie Mackenzie: The point I wish to show is that it may be true, as Mr. Percy Smith says, that land-owners will generally value low in order to keep down the tax, but in other cases where they wish to keep their land, and it is systematically in the market from year to year, the interest of the tenant is to have it as high as possible.

The Chairman: I know what Mr. Scobie Mackenzie wants to get at. I know instances where persons have put a high value on, with the intention of selling.

Mr. Thomas Mackenzie: And raising money on mortgage.

19. *Mr. Scobie Mackenzie.* You are a member of the Land Purchase Board?—Yes.

20. As a member of the Board, you are responsible for the valuation of Mr. Dallas; you delegated your functions to him?—As a Land Purchase Commissioner, certainly not.

21. Did you inspect the land yourself?—No.

22. Can you get from your valuer the fullest information to guide you?—We get the fullest information.

23. Assuming that this land has been let for a great number of years at a very low rental, which would represent a capital value of much less than the cost, would it not be desirable or necessary to form your opinion?—That would depend on the circumstances under which it was let.

24. Ought not those circumstances to have been stated to you?—Well, yes, if they came within the notice of the valuer.

25. Do you not think an important point like that ought to come within his notice?—I should say so; but that is a kind of question that might not come to his notice.

26. I will be content with the answer that it should be stated?—Yes; if he has the knowledge.

27. But you have already said he ought to have the knowledge?—I think my answer was to the effect that he should have produced such evidence if he had a knowledge of it.

28. Do you not think he should have a knowledge of it, seeing that you are to be guided by him in the purchase of this block? If that land had been let for a series of years at such a rental as would return 10s. to 15s. on the capital value, ought not that fact to have been submitted to you by the valuer; was it not important in determining the value?—Well, I must go back to my former answer again—that it depends entirely on the circumstances of the lease.

29. It is not my fault if you keep the Committee. I want a plain answer?—I trust I am giving one.

30. You are evading the point. If this land was being let at 10s. to 15s. on the capital value for a series of years up to the date of the purchase, do you not think that that fact ought to have come within your knowledge before purchasing?—I will answer you directly. I think the Board should have had the necessary information if it could get it, and if it existed.

31. And if your valuer knew of it he ought to have reported it to you?—Yes; may I add that Mr. Dallas was before the Board, and was cross-examined by the Board, and I am not sure that the fact of this land being mostly used for pastoral purposes did not come out in his evidence. I am not at all sure that it did not. You will see why I say that.

32. Such a fact is not in the written report?—No.

33. *Dr. Fitchett.* With reference to Mr. Maitland's report, I understand you to say that there is a wide difference between the price paid by the Government and the capital value put upon it when it was opened for settlement?—Yes.

34. And that Mr. Maitland refers to the latter, and not to the former?—Yes.

35. And that the sale is a matter of policy for the Government, and you have nothing to do with it?—Yes.

Mr. Scobie Mackenzie : Assuming it is the policy of the Government ?

Dr. Fitchett : Yes.

The Chairman : I think the cost of roading and surveying is simply added to the purchase-money, but nothing else.

36. *Dr. Fitchett.*] Were there any other charges?—A certain percentage is added in all cases to cover incidental expenses. For instance, it may occur that one of the leases may be vacant for a period, and a certain sum was added for roading this block, as to all other blocks, to cover such expenses. It is, in fact, to cover incidental expenses such as roading, surveying, and administration.

37. These reasons given by Mr. Maitland for the dissatisfaction—if there was such—was, that the people were supposed to believe that a large estate in that and the adjoining district was being brought into the market?—Mr. Maitland is referring to a private estate, not a Government one.

38. That, I presume, was subsequent ; it did not exist at the time you bought this land?—That is so.

39. And with respect to the settlers being of opinion that the rents were high, you have had some experience in the department, and I want to ask you whether it is unusual for the settlers to be dissatisfied?—It is by no means unusual. Settlers are frequently dissatisfied. There are constantly applications for reduction of rents coming before the Land Boards.

40. Mr. Scobie Mackenzie referred to a certain meeting as having been got up as to the rates. Does it suggest itself to you that it may have something to do with the meeting of this Committee?—Yes.

41. In respect to the valuation, I believe the valuer's report is in printed schedules?—Yes.

42. That printed schedule does not require the rents to be named. I have looked through it, but there is no mention of it. The only reference to land is this : "Give ruling prices of land of similar character, and of rents in the neighbourhood," and the answer to that is, "Two shillings to three shillings, if roads available. I do not know of any land being leased in the neighbourhood."

43. I understand you to say that Mr. Dallas was there, and was cross-examined as to his opinion generally?—We cross-examined him generally as to his knowledge of the country, and the settlement of the land in the locality. He was a long time before the Board.

44. Am I right in saying you got all the information possible?—Yes, and we were anxious to get all we could.

45. It is suggested that you did not yourself go to value the land. Is it usual to do so?—No.

46. Are you an expert?—I think I am myself. Other people may think I am not.

47. What I mean is this : I look upon an expert as one who has a knowledge of a particular locality. Is not that the way land-value is judged?—A man may be an expert in Otago, but not in Auckland. My knowledge is of a general nature. I can generally tell by going on the land if it is too highly valued or at too low a price.

47A. Have you any expert knowledge of any particular portion of the colony?—Yes ; chiefly in the north.

48. The Act requires you to appoint a valuer?—Yes.

48A. Now, if it had come to your knowledge that this block of 7,000 odd acres was occupied at 6d. or 9d. an acre on a three months' tenancy, would that be of very material use in ascertaining the capital value ? I mean would it not depend on the term of the lease?—It seems to me that it would depend entirely on the term of the lease.

49. The mere fact of its being 6d. or 9d. might have significance or not?—It would depend.

50. Large blocks of land are not easily let?—Not as a rule.

51. A man might have several thousand acres of his own, and yet make use of the adjoining land?—He might do so ; and in this particular case the land would have a certain value for pastoral purposes, and it would have an additional value if there was an intention to cut it up.

52. This land was not being purchased for pastoral purposes?—No.

53. And therefore the pasture would not be of very material value?—No ; I should say it was not. The value of the land in pastoral occupation is of very little value in ascertaining the real value for cutting up.

54. As a matter of fact, I have a report showing that it was not available for pastoral purposes. I have some more correspondence to put in. On the 11th September, you wire to the Tax Department, asking for Mr. John Douglas's tax return, also Mr. Sheehan's, and on the same day you get a reply. On the 5th September you telegraphed from Cheviot to the Under-Secretary at Wellington. That refers to these two properties?—Yes. [Appendices R, S, and T.]

55. I have not got a reply to that. I will ask you to put in the Board's Dunedin minute. [Appendix U.] I should like to ask if there was any difference of opinion among the Board as to the resolution for purchase?—No.

56. The next document is dated 7th October, just after the purchase was concluded—a telegram from you to Mr. Douglas of 7th October?—Yes. [Appendix V.]

57. Did you ever correspond with Mr. Douglas, with the exception of the telegram you sent as to his offer?—Never.

58. That is the only telegram, with the exception of the one already put in?—Yes.

59. There is a telegram on the same date to the Crown Lands Department, Dunedin—a telegram to Chief Surveyor, Dunedin. [Appendix W.] On the 9th October, letter from your office to the Treasurer?—That is the usual notice in such cases. [All telegrams, &c., as mentioned, put in : Appendix X.]

60. *Mr. Mackintosh.*] Was the land to be purchased at a uniform price?—Yes.

61. Was it offered to the public at uniform price?—No. In the loading placed on the land it was loaded according to occupation-value as given by our surveyors, so that you will find some of it was sold at a price not greatly exceeding what it was bought for. Other parts at a very considerable advance.

62. If this was correct, it would bring out the required amount of loading?—Yes.

63. Is it not possible, after arriving at these results, that the uniform land may have been too heavily loaded in some parts while the other land was not sufficiently loaded?—Of course, it is possible, but scarcely likely to occur. You must remember there are experienced officers who examine the figures before the land is offered, and there is not much danger.

64. If one portion of the estate is rapidly and readily taken up and another is not there must be some cause?—Yes; one cause I will mention, is that access has not been completed in all cases yet.

65. *Mr. Green.*] Have any portions of this estate been sold?—There are papers on the table showing the sales previous to the purchase by the Government. [Mr. Percy Smith pointed out the sections sold.] And certain sections have been sold out of the estate within eighteen months prior to the purchase by the Government. The prices are given on the plans.

66. Can you tell us what the quality of the land sold was, and whether it was poor or worse than the remaining part?—I can tell you from hearsay evidence, but you can get exact information from the witnesses who are yet to come.

67. You cannot of your own knowledge say?—No; I have not been over the land. That question cropped up before the Board when sitting, and the reason given for the land fetching higher prices was that they were in a better position with regard to the Township of Clinton. The quality was very nearly the same.

68. *Mr. Hogg.*] Before purchasing this land, did the Board ascertain if it was leased for grazing purposes immediately before the purchase?—I am sorry I cannot answer that question with certainty, but the impression on my mind is that we had the information before the Board that it had been let for grazing, and speaking, subject to correction, I think the whole circumstances connected with such letting were considered by the Board as part of the question.

69. Can you remember whether the Board in this case ascertained the rent and nature of the lease?—I should not like to say; I cannot remember.

70. Assuming that the Board were aware that the land had been leased, do you not think that, had they been dealing on their own account, they would have ascertained this particular?—If the fact had come before them that there was a regular lease for a number of years, I think they would.

71. Do you remember whether any or the whole of this land had been in the market or open for public or private offers?—There was no information as to whether there were any offers for it, or as to whether it had been offered to the public.

72. Beyond employing Mr. Dallas, were any inquiries instituted?—We had before the Board, in addition to the report of Mr. Dallas, the report of the Chief Surveyor of the district, and that of the Crown Lands Ranger, a very experienced man, who, though not sending in any written report, concurred in that of the Chief Surveyor, so that practically we had the reports of three competent individuals on the land.

73. Are you aware that any publicity was given as to this land, or any communication made before the purchase? Do you think the public had any particulars of anything as to the land, or was there any communication of any kind?—I should not like to say. I could not say of my own knowledge whether they had or not.

74. Can you recollect exactly about what time elapsed between employing Mr. Dallas and the completion of the purchase?—The figures will tell you.

75. Then the total transaction occupied a little over a fortnight?—Not so; practically the whole transaction occurred between the 21st August and the 3rd October.

Mr. Mills: That is five weeks.

76. *Mr. Hogg.*] Practically the Board itself was not guided by its own perception as to the intrinsic value of the land or as to the purchase?—It was guided by the information we were able to collect on the subject.

77. I mean you or the Board did not visit it?—No members visited it. The Commissioner of Crown Lands had a general knowledge as to the district, but it was not a knowledge of the land itself.

78. *Mr. Mills.*] I would like to ask if, after valuers are appointed, any evidence is taken beyond them, so that if you are dissatisfied you can employ another valuer?—Yes, certainly.

79. In some cases do you not personally inspect the land?—In some cases it has been done—in many cases.

80. *Mr. Thomas Mackenzie.*] Was there only one valuer on this property?—Yes.

81. Mr. Hall, the Chief Surveyor, looked at the land?—Yes, and the Chief Ranger, probably the most experienced man in Otago.

82. *Dr. Fitchett.*] Did the Government buy out any lessee in this case?—No.

83. This lease, if it existed, must have been on the point of expiry or a tenancy at will?—Yes.

84. The Government got no rent?—No.

Mr. Thomas Mackenzie: I think the Government did get a rent. I think conditions were entered into by the Australian and New Zealand Land Company to run sheep on it.

Dr. Fitchett: I speak as to the 6d. or 9d. per acre in Mr. Douglas's time, as pointing to a tenancy at will.

[*Mr. Scobie Mackenzie* read an extract from the *Otago Daily Times* of Friday, 31st August, as follows: "A meeting of the settlers who recently took up portions of the Pomahaka Downs Estate is to be held shortly to consider what steps should be taken to induce the Government to reduce the capital value of the land on which the rent is based."]

JAMES PILLANS MAITLAND sworn, examined by Dr. Fitchett.

85. Your name is James Pillans Maitland?—Yes.
86. I believe you are the Crown Lands Commissioner for Otago?—I am.
87. How long have you held that position?—Since the end of 1876.
88. Speaking generally, what knowledge have you of the general character of lands and their values in Otago?—I have been a settler in Otago since the end of 1852, and was one for many years before going into the Government service.
89. You have a good knowledge of the value of land?—I do not claim to be an expert, but as a Commissioner of Crown Lands, I have a fair knowledge of values.
90. You are a member of the Board of Commissioners under the Land for Settlements Act?—Yes.
91. And had to deal with the Pomahaka purchase?—Yes.
92. Will you tell the Committee when you were first brought into connection with the matter?—The first I heard of it was through a telegram I received on the 21st of August, 1893, from Mr. A. Barron. [Telegram read. (A, *supra*).]
93. You acted on this telegram, I believe?—Yes.
94. By instructions from Mr. Barron. What occurred next, as far as you know?—That was on the 21st August. I sent maps up to Mr. Adams, Chief Surveyor. [Memorandum put in: Appendix Y.] I had a letter from Mr. John Douglas, dated the 21st August, 1893. I sent it up to Mr. Adams, along with the plans.
- Dr. Fitchett:* I read it yesterday, Mr. Percy Smith put it in. [Letter read: Appendix Z.]
95. After that?—Then I wrote to Mr. Douglas on the 22nd [letter read: Appendix A1.] On 22nd I got letter from Mr. Adams [Appendix A2], and, after that, the next thing is a telegram from Mr. Barron, Under-Secretary: "Please wire valuation of Conical Hills and Pomahaka." (C, *supra*.)
96. Had a valuation been made at that time?—Yes, it had been made, because I replied "urgent" on the same day to the Surveyor-General. The next communication I had was on the 4th September [read], "Please instruct William Dallas," &c. (H, *supra*.)
97. After that?—I saw Mr. H. Turton, and read him this telegram, and I also told him what I knew of Mr. Dallas's general knowledge and experience as a valuer, and I said that I was quite satisfied with his valuation, and that a man could not be got of larger experience in the district; and I completely agreed in the appointment, and Mr. Turton also acquiesced in it. I wrote on the 5th September to Mr. Dallas. [Read: Appendix A3.]
98. *Mr. Green.*] I understand Mr. Dallas had been recommended by this wire from Mr. Percy Smith?—Mr. Percy Smith said that he and Mr. Crombie had suggested that he should be appointed if the other members of the Board acquiesced.
99. *Dr. Fitchett.*] Do you know what valuing Mr. Dallas had done in the past for the Government?—I knew he had acted as a valuer for the county for a number of years.
100. For the Land Tax Office?—Yes.
101. And Mr. Crombie was Land Tax Commissioner?—Yes.
102. So that he would have an opportunity of judging Mr. Dallas's capabilities?—Yes. Besides that, he was an old settler in the district. Next I got a telegram from Mr. Percy Smith, on the 7th September. [Read: Appendix A4.]
103. From where is that dated?—Christchurch.
104. Mr. Percy Smith was in Christchurch then?—Yes. I think he had been sitting on the Board there, in connection with some property offered for sale in Canterbury.
105. And he had to attend the sitting?—Yes. I telegraphed back to the Surveyor-General on the 7th September, 1893. [Read: Appendix A5.]
106. Then came the meeting of the Board; what passed at that?—There is another telegram to Mr. Dallas, telling him we were anxious to have his report as soon as possible. [Appendix A6.]
107. Who were present at the Board?—Messrs. Percy Smith, Crombie, Hansen Turton, and myself.
108. All the Commissioners?—Yes.
109. Were there any other people present?—No.
110. Was not Mr. Dallas there?—He was called in when the meeting was proceeding.
111. You called him in?—Yes. He had put in his report at the time, and I suggested that the Board might like to see him in connection with his report.
112. He was questioned?—Yes.
113. How long were you deliberating on this matter?—About two days, Monday and Tuesday.
114. Was the decision unanimous?—Yes.
115. Had you any further connection with this matter?—Yes. I had to carry it out and see to the formal completion of the title, and pay the money.
116. Throughout the whole course of the matter had you any communication with the Ministers?—None whatever.
117. Had you any with Mr. Douglas?—He called once or twice, at my office. He was apparently anxious to know if the report of valuation had gone in, and called to ask if it had. That was the only communication I had with Mr. Douglas.
118. So far as you know, was any attempt made to influence you, or any other member of the Board, apart from the evidence adduced before you?—No; I never discovered any.
119. Was the decision of the Board unanimously arrived at?—It was.
120. Now, I want you to give the Committee information as to the expediency of the purchase. Whether you think it was an advantageous purchase for the colony. You apparently thought so then. Have you altered your mind since?—No.
121. You still think it is?—Yes.

121A. You have the report as to the position of the estate up to the end of July, I think, I wish to put it in. It is made by the Crown Lands Ranger, Mr. J. P. Fraser, and dated the 27th July. For what purpose was this report procured, do you know?—I knew at that time there was a probability of my being asked about this Pomahaka purchase, and I desired to get information about the settlement to as recent a date as I could. [Report put in: Appendix A7.]

122. The schedule does not give the details of the money spent on the improvements, and the nature of them. [Report giving areas, valuation, rentals, &c., read.]

123. *Mr. Scobie Mackenzie*: What is the date of that report?

Dr. Fitchett: 27th July of this year.

124. *Mr. Scobie Mackenzie*: Did you send a report on Conical Hills at the same time as you sent in the Pomahaka one?—Yes. The Surveyor-General asked that a report should be made.

125. Is the report as to Conical Hills on the table?

Dr. Fitchett: No; but it can be got.

Mr. Mills: The value of Conical Hills was given at £3, I think?—As far as I can recollect it was £3 5s.

Hon. Member: We had it in evidence £3.

Mr. Thomas Mackenzie: It was read out from the first report of Messrs. Adams and Hughan: "Pomahaka, £2 10s.; and Conical Hills, £3." I think the report of Conical Hills ought to be given.

126. *Dr. Fitchett*.] I will take a note of it and get it.

Mr. Scobie Mackenzie: You say that telegrams were received from the Secretary of Crown Lands, instructing you to hurry on the valuation, so as to have it before the Board at once?—Yes; there is a telegram from the Surveyor-General.

127. Have you any information as to the cause of the hurry? Was there any special reason?—None that I am aware of, except that he was then in Canterbury with Mr. Crombie; their time was valuable, and they wanted to have the report as soon as possible, so that they might not be delayed in Dunedin.

128. But the transaction could be completed anywhere?—The four members of the Board were required to be together.

129. And you say you have not, in any way, altered your mind as to the expediency of the purchase?—No, as to the expediency of the purchase at the time.

130. Did I understand you to say you have not changed your opinion as to the original purchase?—Yes.

131. Am I right in gathering from your report, sent in to the Surveyor-General, generally embodied in the Crown Lands Report, that you were somewhat disappointed with the sale?—I do not recollect exactly what I said in the report. [Report read.]

132. You have read your report?—Yes.

133. Am I right in saying you are somewhat disappointed as to the result of the sale?—There was not the rush for the land I expected. I was prepared for that, because, when I went over the land and examined it, I saw a number of the people who were talking of Mr. Logan's land coming into the market. This was, of course, more accessible; and it was said to me, "Would it not be possible to get the Government to buy that land?" I said I did not know. That was land that we did not know was coming into the market at all. I could see that the people were looking at that land with some degree of interest, and this accounted to me for there not being such a run on Pomahaka as I had expected. I also had reports from the Rangers of the district, whom I asked about what the people were saying about it. To me, when talking to the people, a number expressed the opinion that the land would be over-applied for.

134. To put it shortly, you found there was a general preference for the adjoining estate if it was possibly coming into the market?—No. They said, "That is a fine piece of Logan's, and it would be a grand thing if the Government would purchase it." Of course, it was an improved estate. They were not saying that it would have been better if it had been Mr. Logan's, but that it would be a very good thing if I would recommend the Government to buy Mr. Logan's estate, as well as Pomahaka.

135. In view of this report, would the fact that the settlers were desirous of getting this other land, as well as the Pomahaka land, account for the comparative failure of the rush.

Dr. Fitchett: I object to its going on the notes that Mr. Maitland is accounting for a comparative failure.

Mr. Maitland: I did not call it a comparative failure.

136. *Mr. Scobie Mackenzie*.] I will read the sentence. "It has not, however," &c. That is clear enough.—That was only my idea, that some of the settlers knowing of this other land would say: "We will not take up Pomahaka until we see whether there is any chance of our getting any of Logan's."

137. Was it not that the preference for the other estate was so decided that they were holding off for it?—Some of them; it might have applied in some instances, but we were constantly being told that the Pomahaka land would be applied for twice over. A lot of people told me this on Christmas Day.

138. You had been led to expect that it would be applied for twice over?—Yes.

139. And it was not applied for twice over?—No.

140. You are then by this account apparently disappointed at the result?—The result did not come up to what we might fairly have anticipated from what we had heard in the district, and from what was said to the surveyors when surveying by the settlers in the district.

141. And one thing that made it reasonable to expect that it would be rapidly taken up was the number of signatures to the petition, and it was not so?—It was very fairly applied for. As I say, other causes apparently checked it a little.

142. The natural result was that the sales did not come up to your expectations owing to these causes?—As I said before, it did not come up to what we might have anticipated from what we had heard.

143. Apparently, when the sale was over on the 31st March, a little more than half of the land was taken up?—I do not recollect that.

144. I will read the figures [read]. I understand you to say that the settlers were looking forward with hope to the adjoining estate which might possibly come into the market—the settlers who had been talking to you about it. What settlers do you refer to in this report?—If you will be good enough to read it over again I will tell you. [Extract read, commencing “It has not been taken up so rapidly,” &c.]

145. The residents of the district whom you might possibly have expected to take up the land?—Yes, I came to that conclusion having heard them speak of this other property. It is entirely my own idea.

146. What is the name of this estate they were looking forward to?—Popotunoa—Mr. James Logan’s.

147. And that estate was much more readily accessible than Pomahaka as stated here?—There is not much difference between it and one end of Pomahaka Estate, one end of which stretches down south. In fact it is contiguous to one end of the other estate.

148. And is that a cultivated estate?—Yes.

149. It is a cultivated estate?—Yes, it is sown in grass, fenced, and has been divided.

150. Are the main roads made through it?—I could not tell you.

Mr. Thomas Mackenzie: The main south road goes through it?—Yes, the middle road. I do not know about roads intersecting it in other parts.

151. Do you know the estate at all?—Generally speaking I do. I have been over parts of it, and saw parts when I was looking at Pomahaka.

152. *Mr. Scobie Mackenzie*: The settlers considered it a grand estate, and were looking forward to it.

Dr. Fitchett: He did not say that.

Mr. Scobie Mackenzie: Mr. Maitland says there can be no doubt—

Dr. Fitchett (interrupting): I object to Mr. Scobie Mackenzie putting into the witness’s mouth statements that these settlers preferred it. They did not institute any comparison.

153. *Mr. Scobie Mackenzie*.] I also gather that there was an expression of opinion that the price of Pomahaka was too high. I will read the evidence (page 22, “As far as I have been able,” &c.)—I think I said that. My opinion in stating that would be formed from remarks of men who came in and looked to be intending settlers. Some of them had stated that it was pretty high. That was as it came into the market.

154. *Mr. Duncan*.] Was the decision unanimous as to the purchase?—Quite unanimous.

155. And you had two sets of people looking at it to give the valuations?—Yes. There was a report at first for the department, and afterwards a report by the valuer appointed by the Land Purchase Board. There was a preliminary inspection made by the request of the Government. That is practically what we always do, because it saves expense and trouble. If the piece of land offered for sale is not suitable for the purpose we want it for, we do not go on with it.

156. Did the valuers bring under your notice whether the land was leased or not to anybody?—I should not like to say, because Mr. Adams might have mentioned it. I am not very sure that he did not say that the company’s sheep were running on it.

157. That was after the purchase, not before?—I could not tell without referring to the report.

158. *Mr. Hall*.] Have you had any complaints in regard to the rents?—No.

159. Were some of these sections applied for twice over?—I do not recollect. I could not tell you. There was balloting for some, although I do not know how many.

160. Is it not your general experience that the back sections hang fire?—Of course, the back sections and those lying away from the sun, these are the last worked off.

161. And that, notwithstanding the demand for land in the district?—Of course, unless there is an enormous demand for land—even for the hilly pieces,—and then good, bad, and indifferent are taken up. The best are taken up and the poorest left. The sections left in this block now are those in the highest positions.

162. The least accessible?—There is not much difference in accessibility, but the land is more broken than the other parts.

163. *Mr. Mills*.] Do you know of your own knowledge that that country was leased at that particular time?—No. I did not know anything about it, I mean at the time of the purchase. I derived my information from Mr. Adams’s report.

164. *Mr. Mackintosh*.] You visited the locality?—Yes.

164A. Was that prior to the sale?—Yes.

165. Did you visit it after the purchase had been completed?—Yes.

166. Do you think the values were well prepared?—Yes.

167. Who fixed the values after the purchase?—You mean the capital value? The Survey Department fixed them. Do you mean the price of the sections?

168. When the land is offered for selection do you see it after the values are fixed?—The Survey Department do that. I did not see it in connection with the values fixed at all, but just when the survey was going on. That would be before the price was put on it, and before they saw what the expense of the survey and cost of roading would be. They do not fix the value until after the survey is completed.

169. *Mr. Hogg*.] Having had Mr. Adams’s report before you that this land was in the occupation of the New Zealand and Australian Land Company, did you ascertain under what terms the company was occupying it?—No.

170. Did you not consider it your duty to ascertain on what conditions it was leased to the company?—No.

171. But did you not think it right to ascertain what rent the company paid for the land?—No.

172. On the end of a lease, if any existed, and if you are buying land for yourself, and under the circumstances, would you not think it your duty to find out the rent and the character of the lease?—No, I do not think so. Of course it would depend on the circumstances. In some cases I should, perhaps, wish to find out what somebody else had been paying for it; but if I was quite satisfied with the land myself I would care very little what anybody else had been giving for it.

173. Do you not think it was very material to the issue to ascertain what benefit Mr. Douglas would derive from this land?—I knew it was in its natural state, and I could form my own idea of what it was worth for pasturage.

174. Then, in arriving at a fair valuation, I believe you did not think it necessary to ascertain from Mr. Douglas what natural profit he had been deriving from it?—I do not know that he had been deriving any profit. I could make a calculation if I thought it worth while.

175. Did you make inquiry if Mr. Douglas had been offering this land for sale publicly, or for private sale?—No.

176. You say that the preliminary inspection of the land was made by the Chief Surveyor?—Yes; and an experienced Crown Lands Ranger.

177. Was that prior to the telegram of the 21st August?—It was on receipt of that telegram that I forwarded to the Chief Surveyor plans, in order to make the preliminary survey. The department had instructed Mr. Adams before that, and merely asked me to send him the plans.

178. The first inspection was made on the 21st of August. When did the Commissioners determine to effect the purchase?—I think about the 10th or 12th of September.

Mr. Thomas Mackenzie: Five weeks after the first communication.

179. *Mr. Hogg*.] Are you aware that any publicity was given to this offer or to the communications? Do you think it possible that any idea of the communications were known between the time of the offer and the purchase?—Of course, as far as I and the Board are concerned, all these matters are kept entirely private. Mr. Douglas may have told people, but I do not know anything of that. They did not get any information from us on the subject.

180. There were means of the general public ascertaining that these communications were pending up to the time the purchase was completed?—I do not know how they could ascertain; they could not do so, except through Mr. Douglas.

181. Before the purchase was effected, did either of the Commissioners visit the land themselves?—No.

182. *The Chairman*.] In dealing with these open lands in Otago, would you not consider that the natural renting value would be a fair indication as to the capital value?—In some degrees and under some circumstances it would.

183. But not under all circumstances?—No.

184. *Mr. Duncan*.] At the time the Board was considering this purchase had they any information to lead them to believe that these lands adjoining (Logan's) were likely to be available for settlement?—No.

185. *Mr. Scobie Mackenzie*.] The Crown Lands Report gives the average rental paid by the settlers as 3s. 4½d. on the annual rental—that is 5 per cent. on the capital value, £3 7s. 6d. These settlers have paid for their land practically £3 7s. 6d.?—No; I say about £3 5s., and there is still some of the land not taken up.

186. Three pounds five shillings to add to the pastoral value?—Yes.

187. *Dr. Fitchett*.] According to the Crown Lands Report, by Mr. Fraser, the total area still to be taken up is 1,870 acres, so that between March and July 1,500 acres were taken up. Was that satisfactory progress?—Yes, very fairly satisfactory.

188. The Chairman asked you if the rent-value was an indication of the capital value, and you said that it depended on circumstances. Supposing the land was occupied temporarily by a squatter for the purpose of running his sheep on the tenancy, would that be any indication of value?—No.

189. This land was held by an adjoining squatter, because it could be used for no other purpose?—Yes.

190. Therefore it must have been a tenancy at will?—Yes.

191. And therefore the rent is no indication at all of the value?—No.

192. *Mr. Hogg*.] I thought you stated that you had made no inquiries as to the nature of the tenancy at all?—No. I do not know if there was a tenancy at all, except that Mr. Adams reported that sheep were running on the land.

193. *Mr. Green*.] The average rental is 3s. 4d., giving a capital value of £3 7s. 6d.?—No; the average rental is 3s. 3½d. all over, on capital value of £3 5s. 10d.

194. *Dr. Fitchett*.] That is on a portion of the land, but there are 1,800 acres to let?—No, that is the average over all the sections. The settlers who have taken up land at the present time are paying, say, on an average, 3s. 3½d. per acre rent.

Mr. Scobie Mackenzie: £3 7s. 6d. exactly.

Dr. Fitchett: It is bringing in 3s. 4½d. on the actual settled part.

195. *Mr. Duncan*.] What value is put on the remaining portion?—The remaining area is 1,870 acres, and the capital value is £5,939, and the annual rental of that is £296 19s. 8d.

THURSDAY, 6TH SEPTEMBER, 1894.

CHARLES WILLIAM ADAMS sworn and examined.

1. *Dr. Fitchett.*] I understand you are Chief Surveyor of the Otago District?—Yes.
2. How long have you been Chief Surveyor?—About nine years.
3. What knowledge have you of Otago lands—of their values and capabilities?—A very good general knowledge. I have been over a great part of Otago on various occasions.
4. Do you know the Pomahaka Estate?—I do.
5. How often have you been over it?—About six times lately.
6. When were you first brought into connection with the estate for the purpose of the Government purchase?—I am not quite sure whether I was not over the ground before; I have seen it at a distance many times. I do not think, however, I was over the ground until the 26th August, 1893.
7. What led you to go over the ground then?—I had instructions by telegram to visit and inspect the ground.
8. From whom did you receive those instructions?—From the Surveyor-General, on the 21st August, 1893.
9. Have you that telegram with you now?—I have not.
10. Where were you when you got that telegram, and what were you doing?—I believe I got the telegram at Waipahi, on my way to inspect the Conical Hills Estate.
11. It was under offer to the Government?—Yes.
12. Was it for that purpose you went to Conical Hills?—Yes.
13. You then went to Pomahaka, and what did you do there?—I went to Conical Hills first.
14. You went after that to Pomahaka, what did you do there?—We rode out from Clinton on the morning of Saturday, the 26th August, 1893, in company with Mr. Hughan, Ranger, and Mr. John Douglas, and Mr. Turnbull, agent for Mr. Douglas. He went with us to show us the way.
15. Do you know how it was that Mr. Douglas met you there? Had you any communication on the matter before?—No. He sent a message up by Mr. Hughan, the Crown Ranger, to say he was at Clinton, and that he could not stop longer than Saturday, and we hurried over the work at Conical Hills and hurried back to meet him.
16. You all went over the estate?—Yes.
17. For what purpose? How did you proceed?—I may say that the estate is about nine miles long, and on an average two miles wide. We did not ride much further than to the middle of the estate, and took a bird's-eye view of the north portion of it.
18. How long were you on the estate?—We left Clinton a little after 9 o'clock in the morning, and got back to lunch about 2 o'clock.
19. About five hours you were on the estate?—We were not on the estate more than a couple of hours. It would take us an hour and a half going and coming, which would leave us two hours to spend on the ground.
20. For what purpose did you visit Pomahaka, Mr. Adams? What had you in your mind's eye as your mission when you went out?—I was asked to inspect and report on it, with a view to Government purchasing it. It was under offer to them.
21. Was it for the purpose of forming an accurate estimate of the value, or for forming an opinion as to whether it was fit for settlement?—Generally to see if it was fit for settlement; and to give an estimate of the value as well.
22. You would not require to make a very exhaustive examination for that?—No.
23. Your opinion as to the value would simply be an approximate one?—Yes.
24. You furnished a report?—Yes; I have it here.
25. That expressed your honest opinion as the result of your investigations?—It did.
26. Was Mr. Douglas with you all the time?—Yes, he was with us all the time.
27. Did he influence you in any way, to your knowledge?—I do not think so. He pointed out the advantages of the estate.
28. Its aspect probably?—Yes.
29. Having sent in your report, what further connection had you in the matter?—None at all, except to subdivide the estate.
30. You had nothing to do with the purchase?—No.
31. Did you see Mr. Douglas on the subject before the purchase?—I do not think so.
32. Nor since?—No; except he came in once and asked if we had made our report. We gave him no information.
33. Did the Minister see you about your valuation?—No; neither before nor since.
34. *Mr. Scobie Mackenzie.*] You made a report on this estate, Mr. Adams?—Yes; I have it here.
35. I think that you said you did not pretend to make anything in the nature of a valuation on this visit?—That is borne out in the report if you will permit me to read a paragraph as follows:—“As Mr. Hughan and I had only one day in which to make a hurried inspection of this block, our estimate of the value must only be taken as approximate, and I do not suppose the land will be bought on our valuation, as I see that clause 3 of the Act provides for a Land Purchase Board.”
36. Any opinion you expressed then did not pretend to be accurate or exhaustive, but you relied upon the Land Purchase Commission to fix the price?—Yes.
37. Mr. Douglas was with you all the time you were going over the estate. Did he make any reference to the value of the estate?—Oh, yes; I had a letter from him.
38. But in the course of conversation?—Yes; he said he had sold several sections a few years before at an average of nearly £4 per acre.
39. Was that the expression he made use of, “£4 per acre”?—No; I think he said £3 15s. or £3 17s.

40. Did he express an opinion as to the value of the remainder of the estate?—Yes. He said the remainder was fully equal or perhaps superior to what he had sold. He is not wrong either in that statement.

41. Did he mention any value for the remainder of the estate—what he thought it was worth?—Yes, he said he thought it was worth at least £3 10s. an acre.

42. Did he make any reference to the accessibility of the sold part as compared with the remainder?—I do not think so.

43. So far as we have gone he was there to point out the advantages but not the disadvantages of the estate?—I suppose that was so.

44. You were left with an opinion of its advantages, not its disadvantages?—Yes, of course.

45. Have you any land of your own down in that neighbourhood?—Not at Pomahaka itself.

46. No; but in the locality—in the same portion of the country?—I have some, seventeen miles from Clinton, in another direction, at Otaraia.

47. Clinton is how near the Pomahaka Downs Estate?

Dr. Fitchett: About ten miles on an average.

48. *Mr. Scobie Mackenzie*.] How much land have you got?—About four thousand acres.

49. When did you purchase it?—About two and a half years ago.

50. How does it compare with the Pomahaka land?—It is not similar. Of the land I have got I could not plough more than 10 or 20 per cent., and of the Pomahaka land there is only about 10 per cent. that is not ploughable.

51. Was there any homestead on it when you bought it?—Yes, a very good one.

52. Was it cultivated at all?—A few hundred acres had been cultivated. They were in grass when I purchased the land.

52A. What did you pay for it?—10s. 6d. per acre for 3,638 acres; then I bought 400 acres afterwards for £675, and this brings up the average price of the whole 4,038 acres to about 13s. per acre.

53. *Mr. Mackintosh*.] For the fee-simple of it?—Yes.

54. *Mr. Mills*.] From the position that you mention as having taken up on the hill could you see all the rest of the estate. You said that you went five miles into the centre of the estate?—Yes, we could look down on the whole of the rest of the estate to the Pomahaka River. Mr. Douglas said the north portion was the best part of the estate, and I think it is. It is lower, and is better soil.

55. *Mr. Mackintosh*.] Did you survey this afterwards?—My surveyors did, and I superintended the work.

56. Did you fix the values?—No. The surveyors, conjointly with myself. The surveyor who surveys the land travels over every section, and we generally allow the surveyors' estimate to have great weight in fixing comparative values. They know all about the different sections; but as to the general value of the whole, that is fixed to a great degree by myself.

57. What difference might there be in the values of the different sections. It was purchased at £2 10s.?—Yes.

58. What was the highest value for any section?—I cannot tell exactly just now.

59. Can you fix the lowest value you placed on any section?—About £2 10s. We fixed the purchasing price and allowed for constructing roads, bridges, &c., throughout the estate, and then we added the approximate cost of improvements, and that makes up our price. In my report I said that the expenses of surveying and road formation would cost at least 5s. per acre. Well, it has cost now, at least, nearly that amount, but the works are not nearly finished, and when the work is done it will cost about six shillings per acre.

60. Are you aware what portion was taken up of this estate when it was advertised for selection?—I think there was only a small portion taken up on the opening day.

61. Do you know what proportion now remains unselected?—I had nothing to do with the sale of the land. After I surveyed it I handed it over to the Land Board.

62. I would like to know if it is the £2 6s. land that is unselected?

Dr. Fitchett: The £2 6s. land is not taken up.

Witness: In my report I said the whole of the land was not suitable for cutting up into 320 acre sections. That is the reason why it was not taken up. I recommended that it should be cut up into sections ranging from 200 acres to 640 acres in area, but the Act would not allow that to be done.

63. *Mr. Green*.] I think you said you were on your way to inspect the Conical Hills Estate when you received that telegram?—Yes.

64. Was Mr. Hughan with you then?—No.

65. When did he meet you?—I left town the day before, and I found this telegram awaiting me at Waipahi on my way to Conical Hills; and next day when I was riding over Conical Hills Estate Mr. Hughan came to me with a letter, and we went over the Conical Hills Estate together, and afterwards to the Pomahaka Downs Estate.

65A. From whom was that letter?—I am not sure whether it was a letter or a telegram. Mr. Hughan brought, I know, some other plans in connection with the Pomahaka Estate. Directly I got the telegram at Waipahi I sent a telegram to Mr. Maitland, Commissioner of Crown Lands, Dunedin, asking for plans, and also that Mr. Hughan should come with me to Pomahaka.

66. Do you know whether there was any other information than the plans that Mr. Hughan brought you?—I do not think so, but I am not sure.

67. Do you produce that letter?—I do not think I have it; but Mr. Maitland has a copy of the correspondence.

68. *Dr. Fitchett*: You ought to have the letter sent to you by Mr. Barron?—I am not sure. I think I got it with the plans.

69. *Mr. Green.*] From Mr. Hughan?—Well, I am not sure. It got it perhaps at the Pomahaka Post-office next day. I ought to add that the Pomahaka Post-office is nowhere near the Pomahaka Downs Estate, but is 28 miles beyond Clinton, on the Waipahi-Heriot line, and near the Conical Hills Estate.

70. Do you know whether they were Government plans or plans from Mr. Begg?—I really do not know. I believe they were lithographs, similar to those from the Survey Office.

71. Were those documents dated 21st August, 1893?—My first telegram was.

72. Also the first telegram from Mr. Barron, telling you where you would get the plans?—Yes. Of course I do not remember the exact circumstances. It is possible I did not get coloured plans, but Mr. Douglas was on the Pomahaka Estate with us, and pointed out the sections on the ground. There was only a ring fence round the property. It was not subdivided in any way.

73. Was the 26th of August the first time you visited this property?—Yes.

74. You then reported on it, and you had nothing more to do with it until you surveyed it?—No.

75. Did you get instructions from the Surveyor-General to survey it?—Yes.

76. Are you quite sure that the instructions came from the Surveyor-General, and not from any other person?—From the Surveyor-General, certainly. They might have been sent by Mr. Barron for the Surveyor-General.

77. I wish you to be particular about that?—I cannot say for certain. We get as many letters signed the one way as we do the other. The letters referred to can all be obtained from the Survey Office here in Wellington. I do not remember how this one was signed.

78. You say you had nothing to do with the Pomahaka matter from the time you inspected it till it was surveyed? Are you not one of the Land Purchase Board?—No.

79. Did you give any evidence, or were you called in by the Board to give any information?—Well, I cannot be sure. I might have been asked some questions on the subject, but I do not think so.

80. If you had been asked, would you not remember it?—I believe I was called to give evidence, and Mr. Hughan too.

81. You do not remember what took place, or what information you gave to the Board?—The information would be the same as given in my report. I think I was called. I think Mr. Turton wished to hear what I thought of the matter.

82. Mr. Turton is one of the Land Purchase Board?—Yes.

83. Do you keep a diary, Mr. Adams?—Yes, but not of every interview I have, for I have so many every day.

84. You did not think an interview on this matter of sufficient importance to make a note of it?—No.

85. *Mr. Thomas Mackenzie.*] You say that the roading has cost at present 5s., and it may cost 6s. before it is finished?—I have got a note here. I said the roading and surveying together would cost that amount. The cost of the roading was 4s. 3½d. per acre up to the end of last month—31st August. The amount still due to be paid on contracts is £161 18s. The roading and surveys cost 5s. and will cost about 6s. I think I made a very good estimate when I said the roading and surveying would cost at least 5s.

86. What value per acre do you think the reserves and roads deducted from the estate ought to represent?—I have not made an estimate of that.

87. *Mr. Green.*] You cannot even tell the area?—My opinion is generally as a surveyor.

88. *Mr. Thomas Mackenzie.*] According to your own showing the land cost £2 16s. per acre (£2 10s. for land, 6s. for survey and roads), and the average price you are putting on the land is £3 7s. 6d., or an average rental of 3s. 4½d. Can you tell me why the difference in value should be so very much above what it has apparently cost?—I do not think it is very much above. I can explain the difference between the gross area and the net area at the disposal of the Government. The gross area was, I think, 7,513 acres, and the net area is 7,262 acres, which means that the area of 251 acres has been appropriated for roads and reserves.

89. Can you tell me the reason why so much more is being charged the settlers for the land than is warranted from the information before us?—I cannot tell. There are a good many other expenses in connection with the estate, advertising and so on, and perhaps the price was fixed at that sum to allow for a working margin.

90. Do you consider that all the surveyors who were engaged in the work on the Pomahaka Estate were qualified to value?—Yes.

91. Do you think that a surveyor just back from Australia was qualified to value New Zealand land?—Surveyors are well qualified to give relative values, but the general values were arrived at by myself with the help of the Crown Land Commissioner and the opinions of the settlers round about the Pomahaka Estate.

92. Is it not a fact that you put on in the office a higher price than the surveyors thought the land was worth?—In the Pomahaka Block?

93. Yes.—I suppose we did, for the roading and other necessary expenses.

94. You put on a higher value than the surveyors thought the land was worth?—Yes.

95. You put sometimes as much as 50 per cent. on to the surveyors' valuation?—I do not think so.

96. You say that Hon. John McKenzie saw you with reference to the Pomahaka Estate? Is it fair to assume that that was with regard to the price to be put on the land?—I have no recollection of having been communicated with, directly or indirectly, by Hon. John McKenzie.

97. *Mr. Hogg.*] You say that the surveyors determine the relative value of the sections?—Yes.

98. In making that estimate, do they supply you with a fair estimate of the average value of the land?—Yes.

99. Do you remember in this case whether there was a difference between the estimate of the surveyors and the price subsequently put on the land?—I think they were slightly increased ultimately. We did not consider the estimate of the surveyors was sufficient to cover the subsequent cost of surveying, roading, &c.

100. These surveyors, being experienced men, are supposed to make allowance for survey, &c., are they not?—I do not think these men were experienced. One was a cadet when he left New Zealand, and he had been surveying in Australia for some years; the other was from Gore, and he would know. They did not belong to the Survey staff. They were private surveyors.

101. I want to know whether you yourself, or those who valued the land for the purpose of purchasing, put on it an exaggerated value to that put on by the surveyors? Did you think, from the value that was placed on the land by the surveyors who surveyed the sections, that they came to the conclusion that the price originally paid by the Government was too high?—I do not think so. Well, I dare say they may have considered it was rather high.

102. I can quite understand, Mr. Adams, that the price you put on was a fair one, considering the expenses in connection with the land, but did the surveyors value the land at considerably less than the amount that was subsequently placed upon it for the purpose of sale?—I do not think it was "considerably" less; but I can furnish you with the lists. I told both surveyors to confer with one another, and I sent another surveyor up from the staff; and I told them to get all the information they could. I think I said the Minister of Lands did not confer with me about the selling price. Well, he did; I had a conference with him before the price was fixed.

103. *Dr. Fitchett.*] That was after the purchase was completed?—Oh, yes; long after.

104. *Mr. Hogg.*] Do you think Mr. Blaikie would be able to give you a correct estimate?—A very fair estimate.

105. His valuation was considerably increased?—I think it was increased; I am not sure.

106. These sections still unsold, do they consist of agricultural land or are they simply adapted for grazing purposes?—Sections 7 and 8 in Block 13—that is the hill we went on to for the purpose of viewing the land, and that is the ground I said should be put into 640-acre sections. Other unsold sections are on another hill. I said that the hill ground should be put into 640-acre sections. The settlers round about said that it was not suited for 320-acre farms.

107. You think the prices put on these sections now are fair and reasonable?—I think they are fair.

108. Then, if the prices, in your opinion, are fair, can you offer any reason for the land not being taken up?—I think the inferior portions of the land are in too small holdings. Another reason is the sale of Mr. Logan's property. That had a detrimental effect, and I believe myself that land values are lower now than they were then.

109. If these sections were grouped they could be disposed of at the prices put on them?—I think so.

110. Did Mr. Douglas tell you what rent he was getting for the land?—No.

111. Did he say how it was occupied?—I knew it was occupied by the New Zealand and Australian Land Company.

112. Did you know on what terms?—I did not know at the time.

113. You did not make inquiries with regard to that?—I knew the New Zealand and Australian Land Company had it, because their sheep were all over the land.

114. Did you ascertain from Mr. Douglas how many sheep the land would support?—I did not; but I think I found out afterwards that it would carry about one sheep to the acre.

115. Would you consider that land that would carry one sheep to the acre was first- or second-class land?—First-class land. My own land carries one sheep to two acres.

116. *Dr. Fitchett.*] With respect to valuing land for settlement purposes, the Act prescribes what you have to do?—I am not familiar with the Act.

117. But you made the sectional values?—Oh, yes.

118. If you put an excessive value on one section, you must, of necessity, have put a deficient value on another, because the total valuation is limited. In fixing the value of land subdivided for settlement it would not be possible to make the value 50 per cent. in excess?—Certainly not.

119. You say you knew the land was leased to the New Zealand and Australian Land Company?—Yes.

120. Do you mean held under lease?—I think it was only occupied by them. I know nothing about the terms.

121. You know that they gave up occupation after the Government bought the land?—Yes.

122. Well, they could not have had a lease?

Mr. Scobie Mackenzie: It was a yearly lease.

123. *Dr. Fitchett.*] Assuming it to be such, and the land being tussock land, do you think any rate that might be paid could have any possible relation to the capital value of the land?—I do not.

124. For what purpose was the land taken by the Government?—For settlement purposes.

125. Then the question asked by Mr. Hogg about the sheep-carrying capacity of the land has not much relation to the question?—No.

126. Your own is some distance from Pomahaka. How far?—It is seventeen or eighteen miles from Clinton in one direction, and Clinton is five miles from Pomahaka Downs in another direction.

127. Does the value of your land have any possible connection with the value of this Pomahaka land?—I cannot say.

128. Did you make a good purchase or not?—I was told I had made a good purchase; but it has not yet been proved.

129. It is purely pastoral?—About 20 per cent. might be ploughed.

130. Do you think, in the light of everything that has happened since the purchase of Pomahaka, that it was a prudent one?—I think so.

Mr. Thomas Mackenzie: Regarding the increased price put on by the department after the surveyor's estimates. After Mr. Adams had closed I said that I knew of instances of land having as much as 50 per cent. put on by the office above the surveyor's estimates. That did not refer to the Pomahaka.

The Chairman: I understand that.

131. *Mr. Thomas Mackenzie*.] The returns which have been shown on the table here show that the land is paying 4½ per cent. on the cost to the Government, and there is yet about a quarter of the land not taken up. It therefore seems to me strange that the Government should be profiting to the extent of 25 per cent. on the outlay. [To the witness.] You say you were told the land was carrying one sheep to the acre in its rough state?—I said that.

132. How much would it carry in a state of ordinary cultivation?—I cannot tell you.

133. How many sheep per acre do you think, under proper management, the Pomahaka Estate would carry?—I cannot tell you.

134. *Mr. Green*.] In reply to a question from Dr. Fitchett, you said that a shepherd told you the Pomahaka Estate was carrying one sheep to the acre?—I was just speaking from memory.

135. Did you pay any attention to the sheep, to the condition they were in?—They appeared to be in very good order.

136. Did you ask the shepherd anything about the general condition of the sheep?—I did not. It is only my impression that it was carrying one sheep to the acre.

137. You do not know whether there was one sheep to the acre or not?—No.

138. And you do not know anything of the condition they were in?—No, only what I saw.

139. *Mr. Thomas Mackenzie*.] Do you know the Ashley Downs Station?—I have never been over it.

140. When you went to inspect the Pomahaka Estate, you went in from the lower end. If you did so you would have gone over Ashley Downs?—No; Ashley Downs is on the east side.

141. *Mr. Hall*.] What would you consider land carrying one sheep to the acre to be worth?—I cannot tell you.

142. *Mr. Green*.] With your knowledge of land how much per acre would need to be spent on Pomahaka to enable it to carry three sheep to the acre?—I am not a practical farmer, and therefore cannot say.

Witness: I wish to say, in reference to some of the questions that have been put, that I have endeavoured to keep the expenses down as low as possible. I have only provided for the formation of the main line of road, and one or two branch roads through the estate. We could spend double the amount already spent in making roads. I do not know what the intention of the Government may be with regard to further expenditure.

THURSDAY, 6TH SEPTEMBER, 1894.

WILLIAM DALLAS sworn and examined.

143. *Dr. Fitchett*.] Your name is William Dallas. I believe you are a settler, living where?—Between six and seven miles from Balclutha.

144. You value property, in way of business?—Yes.

145. How long have you been a land valuer?—It is fourteen years since I began to value for property- and land-tax purposes.

146. Do you value for any other purposes?—Yes; a good deal. I have valued for the Government Life Insurance and for parties who lend money in Dunedin.

147. Do you value for county rating purposes?—No; that valuation is supplied by the Government.

148. Do you know the neighbourhood of Pomahaka and that district?—Yes.

149. I believe you were instructed to value the Pomahaka Estate?—Yes.

150. From whom did you get your instructions?—From Mr. Maitland.

151. When?—On the 5th of September, 1893.

152. Have you got a copy of those instructions?—I have got a copy. I did not keep the letter. (A3, *supra*.)

153. What did you do on receipt of those instructions?—I went out and valued the Conical Hills Station first, and then went and valued Pomahaka.

154. How long were you engaged in valuing Pomahaka?—I was a day going over it.

155. How often were you over it for the purpose of valuing?—Three or four times.

156. You were pretty familiar with it, were you not?—Yes.

157. You made a careful investigation?—Yes.

158. I believe you had a printed schedule?—Yes.

159. And you sent in a report to Mr. Maitland?—Yes.

160. Was Mr. Douglas with you when you made your valuation?—No.

161. Had you seen Mr. Douglas on the subject before you valued?—I never spoke to Mr. Douglas in my life.

162. Did no one see you on behalf of Mr. Douglas?—No; Mr. Maitland was the only one whom I saw in the matter.

163. After sending in your valuation, what next did you do?—I was asked to give evidence before the Board.

164. What happened there? What did they ask you?—I cannot remember all the questions I was asked. I was under examination for about an hour.

165. Did they travel outside your written report?—Well, I really cannot say all they brought up. I did not take notes.

166. Was it an exhaustive examination?—Yes; they asked me all particulars about the land and its suitability for cutting up.

167. After giving evidence before the Board, did you do anything in connection with the estate?—That was the last I heard of it.

168. Did the Minister of Lands communicate with you on the matter either before or since?—Not until after the purchase. After it had been surveyed, and plans prepared for opening for settlement, he asked me to meet him at Wain's Hotel to go over the upsets.

169. Nothing to do with the price?—Nothing whatever.

170. Has anything happened since to in any way affect your opinion as to the value of the land?—No; there is a slight decrease in the values of properties within the last six or seven months.

171. But that is a uniform change, and is not peculiar to Pomahaka?—Yes, it is an all round depreciation.

172. Did you know that the New Zealand and Australian Land Company were running their sheep on Pomahaka?—I did know. I knew all the particulars at the time.

173. Mr. Scobie Mackenzie says it was a yearly lease?—I think that was the case.

174. Would the rent that was paid for a yearly license have any relation to the capital value of the land?—Oh no.

175. *The Chairman.*] In reply to Dr. Fitchett, at the commencement of the inquiry, you said that you had been over the estate several times previously. In what capacity was that?—For land-tax and for property-tax valuations.

176. *Mr. Scobie Mackenzie.*] You said you had no communication on any occasion with Mr. Douglas?—That is so.

177. Had you any with Mr. John Ritchie?—No, I never spoke to him. I once saw him when he came into the Lands Office at Dunedin, and on his way up to Pomahaka, which was after the survey of Pomahaka. Some one introduced me to him at Balclutha. I never knew him before.

178. You made an exhaustive valuation?—Yes.

179. Did you go all over the land?—Yes.

180. And you do not think that the rent that is paid for land affects the capital value?—Very little. Land held under yearly tenancy could only be used for pastoral purposes. If the land was fit for cultivation, the rent would be no guide.

181. You think it affects it very little?—If it was land that could be improved by cultivation it would be really of little matter at all.

182. Were you aware of the rent that was being given?—Yes, at several periods. I have heard that sixpence per acre was paid for one year. Every time that I went round I got the rent that was being paid.

183. You are aware what rent has been paid for some years back?—Yes.

184. What was it, say, five years back?—From 1s. down to 9d. per acre.

185. For five years back, do you know the rent paid? How much was it?—It has been 1s. and 9d.

186. Is it your recollection you are trusting to?—It is my recollection.

187. Are you sure of what you are saying?—I am speaking from my recollection.

188. Are you sure that the rent paid for the last five years was 9d. per acre?—I would not like to swear positively to that.

189. Could you carry it in your mind for one year?—I do not get it every year. I do not know; but I can get it by looking at my book.

190. You do not know what rent was paid previous to the sale? You did not look up the records?—No.

191. Now, did not you think that would be to some extent material to the valuation?—No. When going to look at land to value it I would not take the rent into account, because, on account of the price of wool, you cannot afford to pay much for running sheep on tussock-land.

192. Do you know how long Mr. Douglas has had this land—fifteen or twenty years?—I am not sure, but think he will have held it for fifteen or twenty years.

193. Has he ever done anything to it for that time?—Not to my knowledge.

194. The land is in its original condition, only it has been bought by the Crown?—Yes.

195. Did it not occur to you that it was strange for a man to allow his land to lie idle all that time, assuming that he was getting only a nominal rent for it?—No; it did not. I know others in the same position.

196. If you found that the owner was losing considerable sums of money every year, would you think it strange that he should allow his land to lie idle?—If it was mine I certainly would not do it.

197. Under such circumstances, assuming that he only got a mere nominal rent, would you think it strange that he left it lying idle so long?—No.

198. You would not do it yourself?—Only for want of capital.

199. If a man had plenty of capital, would you think it strange?—I would think it strange.

200. You have been valuing for the county and other rating purposes?—Not for county purposes. That is supplied by the Government.

201. What did you value this land at?—£2 3s. per acre.

202. When was that?—Three years ago.

203. How do you account for the increase in value now?—I do not suppose there is much increase in value. In valuing for rating purpose I would rather be a few shillings under than over. For instance, as occurred at the last valuation, I valued a place at £3 2s. 6d. or £3 3s. per acre, and the owner appealed against my valuation, and it was brought down to £3. Well, it would be very unfair if certain parties got it down. That property was recently sold for £3 8s. 6d. per acre, and my valuation was brought down to £3.

204. Could you try and state concisely what was the reason for the increase between your valuation for rating purposes and your valuation for Mr. Douglas's sale of Pomahaka?—So that parties would not object, and get it brought down. They would not be equal with others. I think, as a rule, all valuers for tax purposes incline to keep a few shillings under rather than over.

205. As I understand it, you like to value so as to be a little under the mark?—Yes; for taxation purposes.

206. Does that account for the whole difference then?—Yes.

207. Seven shillings an acre on 7,460 acres; you like to be a little easy for taxation purposes?—For the reason I explained.

208. When you valued it at £2 2s. 6d. that was a fair taxable value?—Yes.

209. I understood you to say that land has depreciated in value since you made that valuation?—During the last six or seven months.

210. What has caused it to come down since that date?—Money is scarce.

TUESDAY, 11TH SEPTEMBER, 1894.

MR. WILLIAM DALLAS re-examined.

1. *Mr. Scobie Mackenzie.*] You valued this land. Will you tell the Committee what value you put upon it?—I valued it at £2 2s. 6d. for local purposes.

2. And for selling purposes?—£2 10s.

3. Was the effect of the two valuations, the high and the low, to benefit Mr. Douglas at both ends—that is to say, to benefit him by remission of rates at the low valuation, and a large sum of money put into Mr. Douglas's pocket at the high valuation?—That did not come into my mind at all. I considered it as I considered every other property which I valued. It was a little lower than what would be considered the selling value.

4. I want you to answer my question. Did not this double valuation, both the lower and the higher, have the effect of benefiting Mr. Douglas—the one by lowering his rates, and the other by putting a large sum of money into his pocket?—I do not see that it bears that construction at all which you put upon it.

5. I am putting no construction upon it. I am dealing with it as a matter of fact. You put two valuations on this land—a low and a high one—one for local purposes and one for selling purposes; that is to say, a low one for the local purposes and a high one for the selling purposes?—I neither put a high nor low value upon it. I put the value upon it which in my opinion it had.

6. In one case you put a lower, and in the other case a higher, value than is usually put?—(Question objected to, and objection allowed.)

7. But you made two valuations: I do not say they were wrong or unfair; one must necessarily be called lower, for it is low as compared with the other; the other is higher. I do not say that either was wrong, but one was higher and the other lower; now, what I want to know is, whether it is not the fact that both these valuations had the effect, the high one of putting money in Mr. Douglas's pocket by reason of the higher valuation, and the lower by the remission of rates; the higher one adding to the purchase money?—(Question objected to, as "matter of arithmetic," and objection allowed.)

8. But it was the effect of the two valuations, so far as Mr. Douglas is concerned, that he was either benefited or not. Did he benefit, or did he lose by them?—I do not really know how to answer a question of that kind. Mr. Douglas's land was valued for land-tax purposes; I valued the land of other people as well; it varied a little over the whole district. I would have perhaps made a distinction if I had been valuing for selling purposes.

9. But if you valued for £2 2s. 6d. for rating purposes, as against £2 10s. for selling purposes, would that have the effect of lowering the rates?—It would have that effect certainly.

10. And if you valued for selling purposes at £2 10s., as against £2 2s. 6d., would not that put a large sum in Mr. Douglas's pocket?—I think there is an insinuation here. I object to the way the question is put.

11. Well, I will put it in another way. Had Mr. Douglas's land been valued for selling purposes, and at the same time for rating, as valued for county purposes, would not Mr. Douglas have upon the acreage, 7,462 acres, received that number of seven-and-sixpences less, in other words, £2,798 less?—I can say that he would receive much less, but as to the exact figures I cannot say.

11A. But, assuming the figures to be correct, he would receive less money, and be liable for the amount of county rate according to the valuation?—Certainly.

12. And the other fact is that the settlers would have to pay this money?—(Question objected to.)

The Chairman: Will you repeat the question, Mr. Mackenzie. (Objection allowed.)

13. *Mr. Scobie Mackenzie.*] Well, then, Mr. Dallas, can you give us a notion of your object in putting on a low valuation for rating purposes. You said it was low for rating purposes; was it to make it easier for the settlers?—It was for this reason: I stated the reason when I was here the last day; it was to be under a few shillings, rather than over what the Assessment Court might be expected to fix it when they would have the subject before them. There are always a few who object to the valuation, and they try to get the amount reduced before the Assessment Court. If there is any reduction it is considered unfair to the others. The object is to make it equal all round. That would not be considered equal; so that it is a general idea among valuers that the valuation should be a little under rather than over.

14. In anticipation that it might be brought down by the Court, and so as to be on a general level with the others?—Yes.

15. Why would the Assessment Court bring it down; is it to make it fair?—They would bring it down according to what was before them, I suppose.

16. Do I understand you to say that the Assessment Court would value the land according to the evidence they had before them of its worth?—Yes; I suppose they would.

17. The Assessment Court would bring the value to the level of the evidence brought before them?—Yes.

18. And they would endeavour to be fair?—Yes.

19. Then you valued at £2 2s. 6d. in order to be all-fours with what you expected the Assessment Court would do, and to be on a level with the other valuers?—The Assessment Court would have nothing to do with it, unless where objections came in.

20. Then to be on a level with others that might be affected by the assessment?—Yes.

21. In other words, you thought it a fair value?—Yes, taking into consideration the explanation I have given, I believe that it was under the selling value.

22. *Mr. Mackintosh.*] You have stated that what you did was the general practice among valuers?—Yes.

Mr. Scobie Mackenzie: It has been stated that a value was put on this by a public officer at £2 5s. 3d. for property-tax purposes.

The Chairman: That has not come out in the evidence. (Question withdrawn.)

23. *Mr. Scobie Mackenzie.*] You are thoroughly acquainted with that part of the country?—Yes.

24. You know the Ashley Downs property?—Yes.

24A. How much land is there in it—approximately?—I expect there is 6,000 or 7,000 acres.

25. More than 5,000 acres?—Yes.

26. Is it laid down in grass?—Yes, some of it.

27. Is it of good quality?—It varies.

28. How does it compare with the Pomahaka land?—It is similar; some of the sections of the Pomahaka are broken up.

29. Is it a little better?—They are very similar.

30. Which is the better of the two, in your opinion?—The Ashley Downs would be a little better; not in regard to the quality of the land, but Pomahaka is more cut up.

31. Is it fenced?—Yes.

32. Is it subdivided?—Yes.

33. Is the fencing substantial?—Yes; I believe it is.

34. Is it subdivided—well subdivided?—Yes.

35. Is there a good homestead on it?—Yes; very good.

36. Out-buildings?—Yes.

37. Any plantation on it?—Some; not a great deal.

38. Gardens?—Yes; there is a very nice garden.

39. Wool-sheds and everything else in a complete state?—Yes.

40. Access by road from Clinton?—But not so great from Waiwera.

41. Level road?—Yes.

42. More than one?—Yes; the distance is the same by both.

43. What would the distance be?—Somewhere about three miles; I am not exactly sure.

44. But there are two metalled roads?—Yes.

45. Is the garden a good one?—Yes; very good.

46. What do you value Ashley Downs at?—I could not say from memory; I believe I could get the information in the Land-tax Department.

47. Do you mean for land-tax or rating purposes?—For rating purposes.

48. You cannot remember what you valued it at? Can you not give me an approximation?—I think it was up to £4 an acre; that is my impression; that is, on the gross capital value. That is the value given for improvements, speaking from memory.

49. You valued the improvements separately?—Yes.

50. You cannot remember what they came to?—The unimproved value would be about £2 10s. an acre—I am still speaking from memory.

51. Yesterday you said it had depreciated a little?—Yes, within the last six or seven months it has come down a little.

52. Not before that?—No; there is much more difference between the last six or seven months than there was before that time.

53. Do you remember the land boom in New Zealand ten or twelve years ago?—I cannot exactly say; I did not pay much attention.

54. Do you remember the sale of the Waitepeka property?—Yes.

55. Do you remember the prices?—I was at the sale.

56. What were the prices, do you remember?—Some of it went very high; £8 or £10 per acre, some of it.

57. What year would that be in?—It is a long time ago; I think it is more than ten or twelve years, but I am speaking from memory.

58. Would it be in the year 1881?—I really could not say.

59. But land was selling very high then?—Yes, it was very high at that sale.

60. Would you give us some indication of the value of land in that country?—Most people laughed at it; they considered that it was an extravagant figure altogether; it was surveyed, I believe.

61. Do you know the Mount Mistake, that is, Messrs. Brown and Rattray's?—Yes.

62. Do you remember when that was sold to the present owner?—I could only speak from memory; I cannot exactly tell.

63. You will find that it was in June, 1881. Now, if the property was sold then, and the price of land at that time was high, you would expect to benefit by the high prices would you not?—To

a certain extent; but it was only the land about Balclutha that brought those high prices; it was not so throughout the country.

64. This adjoins Pomahaka; is it not very similar land? No; some of it is similar land, but it is not equal to the Pomahaka land. It is very stony, some of it, and it is sourer; moreover, it is lying up to the prevailing wind.

65. Is it not the fact that the soil is stronger?—No; I do not think it is.

66. Have you any notion what it was sold for in 1881?—I am not sure; I think it was over £2. I heard some one speaking about it, but I would not like to say.

67. There were a good many stones. Do you remember whether it was fenced and improved at the time?—I do not remember whether it was fenced at the time.

68. Do you know an estate called Popotunoa?—Yes.

69. Does that join Pomahaka?—There is a road between them.

70. It is in evidence that that is an old-established property?—Yes; it is cropped and laid down in grass.

71. Is it an improved property?—Yes.

72. Fenced?—Yes.

73. Is it subdivided?—There is some subdivision. It is in large paddocks; there are a good few subdivisions.

74. Are you intimately acquainted with it?—Yes; I have been over it and round about it a good many times.

75. The property had been divided into thirty-seven paddocks?—I do not know; I cannot say.

76. This property was an early selection, was it not?—I have no idea of that.

77. Has it been in a high state of cultivation for many years?—Yes; it has been in grass for, I should think, seven or eight years.

78. Is the fencing of good quality?—Yes; it is fair fencing.

79. Is the homestead in good condition?—Yes; there is a splendid house on it.

80. What do you call a splendid house, and what do you reckon is the value?—It is a new house; I do not know that it was ever occupied.

81. Plantations?—There is not much plantation—there is natural bush close to it.

82. It is an improved and cultivated property?—Yes, it is cultivated property—very much so.

83. It is divided into two properties?—There are three estates. I do not know anything about the other two.

84. How many acres in the Popotunoa?—Over five thousand, I should say, speaking from memory.

85. And Waipahi?—I never had anything to do with Waipahi.

86. Popotunoa has been sold since you made the valuation?—Yes.

87. Have you any idea of the prices?—I have made inquiries. The average was, I believe, £3 8s. 6d.

88. Do you know that of your own knowledge?—I asked the auctioneer. It is impossible for any outsider to know. I asked Mr. Johnstone, and he told me that £3 8s. 6d. was the average.

89. The Waipahi adjoins?—Yes.

90. How is it then that you do not know Waipahi?—I was Land-tax Valuer for Popotunoa, but not for Waipahi.

91. The Glenkenich Valley property, do you know that?—I have been up through it.

92. That is also a highly improved property?—Yes; but not nearly to the same extent as Popotunoa. A great deal of it is lying in tussock; but it is a nice property.

93. There is a good homestead on it?—Yes; there is a good homestead, and there is also a good deal of fencing.

94. Woolsheds?—I have never been through the buildings. I went through the centre of the property.

95. That has been sold?—Yes.

96. Do you know the price?—I did not make any inquiries. I have only been through it once in fact.

97. Did Mr. Douglas object to your valuations for rating purposes at all?—No. I got a letter many years ago. I believe it was either nine or twelve years ago. I would not like to say which it was, but I got a letter from Mr. Begg, objecting to the valuation. He was Mr. Douglas's agent. But there was no alteration made, so far as I can remember; it is so long ago.

98. Did he object because it was high, or low?—He considered it was too high.

99. Did he ever object on the score of it being too low?—I never heard of such a thing.

100. You also valued some land belonging to Mr. James Allen, M.H.R.?—Yes.

101. What extent of land was there, approximately?—Well, at one time, he had, I think it was, 1,300 or 1,500 acres.

102. Did you buy any land from him yourself?—Yes.

103. When was that?—In November last.

104. How many acres did you purchase?—I supposed when I was purchasing that it was 445 acres 3 roods and 22 poles.

105. What was that valued at for rating purposes?—£1,780, I think, but I am speaking from memory.

106. What did you purchase it for?—£1,750.

107. Then in this case the rating value was higher than the selling value?—Yes.

108. The rule is not uniform, then?—Well that is how it was. I think the rule is uniform.

109. But it was not so in this case?—No, it was not in this case.

110. You bought for fair value, I suppose?—Yes, at that time; but if it was to buy now I would not care to pay such a high price.

111. *Mr. Mackintosh.*] How much an acre?—It would be over £4 an acre now.

112. *Mr. Scobie Mackenzie.*] That is what it would be now?—Yes; but there is less acreage than I had expected. I bought for a lump sum.

113. Is the land improved?—Yes; all that will improve.

114. Was there any homestead on it?—Yes; there was a small house of two rooms.

115. Anyhow, you bought for less than your own valuation for rating purposes?—Yes.

116. *Mr. Mills.*] In the report you put before the Commissioner, you said that it was mostly agricultural land. Would you say what percentage of this estate you thought fit for the plough—Pomahaka?—There were three or four places, here and there, where it was stony, and which could not be ploughed—there were stones on some 5 acres on the top of the ridges. Most of it would be available for the plough; but there were some gullies here and there through it, with some breaks about the middle.

117. Is there much land that you could not plough?—No, not a great deal. Over the whole of that country where I am myself there is a percentage of land which you cannot plough.

118. What settlers do you know residing there?—There are some settlers on this property that Mr. Douglas sold a year or two before. There are four settlers on Mr. Douglas's property.

119. Did they express themselves as being satisfied with the purchase?—Yes; they seemed quite satisfied. I spoke to them while I was there. They seemed to say that they would like to get some more; but under the conditions they could not get it, for they held about the quantity which they would be allowed to take up.

120. Do you know the price they paid?

The Chairman: We have that already in evidence.

121. *Mr. Scobie Mackenzie.*] Did you attach any importance to the fact of coal being found on that land?—Yes; it was opened in the place where it was. I was aware that in some places they had got coal.

122. What did you mean by valuing at £2 10s., "if there were roads"?—I meant if roads had been made to the different sections. I did not mean to the estate, but through the estate; it was valued for £3 if roads had been made through to the different sections.

123. Do you know anything about the estate belonging to Mr. Adams?—Yes.

124. Four thousand acres?—I have passed by it but was never on it. I have passed alongside it when going to Mataura.

125. *Mr. Hall.*] In valuing the land did you take into consideration its capacity for carrying sheep?—Not if it is in tussock.

126. How did you arrive at your valuation?—By the sales which take place. Then we know what can be taken off the land by its similarity to other lands, and by knowing what can be done with the land.

127. Did you take into consideration the number of objections that might be made to the value arrived at?—I do that when I am valuing for the land-tax.

128. Are you aware that the Government could purchase at 10 per cent. advance?—That is provided there was an objection made to the valuation. I know that that was the case at one time; but that is not the law now; they can take at the value without any 10 per cent.

129. *Mr. Meredith.*] What was the area you bought from Mr. Allen?—437 acres.

130. For which you paid more than £4 an acre?—It would be a little more now; there is a little less land than I thought there was.

131. About what proportion of the land is ploughable?—There is a good deal of it gully, and a good deal hill, that is not fit for cultivation.

132. To what extent in the aggregate; would you say fifty, sixty, or one hundred acres?—About 100 acres.

133. The prospective grazing capacity of that land was greater than the actual when you bought it: the grazing would not at first be very good, but by sowing grass-seed you would soon be in a position to increase its carrying capacity?—It is a very good grazing place, but there are tussocks and some swamp in it; by burning the tussock and sowing on the ridges it would soon increase its carrying capacity.

134. And now, with reference to Pomahaka, what percentage of that is ploughable—or, in other words, how many acres, in your opinion, are not ploughable?—About 200 or 250 acres, perhaps.

135. *The Chairman.*] Out of the whole block?—Yes; that is a bit rough, but I think that is about it.

136. *Mr. Meredith.*] May I assume that Pomahaka is more fit for grazing than agricultural purposes, or should I say fit for both?—It is very fit for agricultural purposes. I said in my report that three or four of the sections should be in larger pieces.

137. But the whole estate?—The whole estate is land fit for cultivation, taking it as a whole.

138. When you last visited it did you value it as to its carrying capacity?—In the state it then was it would take an acre and a half to carry a sheep.

139. Do you mean merino or crossbreds?—Crossbreds; it is mostly crossbreds that people keep there.

140. Are you of opinion that it was capable of being improved so as to increase its carrying capacity?—On my own ground I can carry two and a half sheep to the acre with a little turnips for winter.

141. And Pomahaka is something similar to yours?—It is deeper soil.

142. Then I suppose it is capable of carrying from two to three sheep to the acre?—Two to two and a half if laid down in grass.

143. *Mr. Green.*] Can you tell us of any estate about there that carries two and a half?—That one does it with a little turnips for the winter. I have carried as many as six hoggets on it to the acre, but, taking the ewes, it would be from two to two and a half to the acre.

144. Do you know whether any one else does that?—I never went into it.

145. What is the distance between your land and Pomahaka?—Fifteen miles.

145A. And this land of yours is similar to that?—Very nearly. There is some of it about Waipahi on the tops of the ridges that is very similar, and some of it better than mine.

146. All of it is about the same quality?—Yes; about the same, perhaps.

147. You went alone to value?—No one accompanied me. There was a gentleman who offered to accompany me, but I declined his services.

148. Then, as a matter of fact, no one did go with you?—No one went with me.

149. *Mr. Hogg.*] How many years have you been valuing for taxation and rating purposes?—I think about fourteen years.

150. You have valued both for the Government and for the local bodies?—The local body gets it from the Government.

151. Have the values during that time been altered?—Yes, it has been up and down a little. All the values three years ago were raised; six years ago things were very dull, and we lowered them; three years ago we put them up to what they had been before.

152. You do not remember what the value of the property was fourteen years ago, when you began to value?—No; I could not exactly say. I have it at home, of course. I have copies at home, of course.

153. You cannot recollect the difference of the mode adopted by you three years ago from that adopted at the previous valuation?—I am not exactly sure. I know that they were all raised, but I would not like to say how much on this particular property.

154. You cannot say whether it was 25 per cent.?—It was nothing like that, I think. Speaking from memory, it was 2s. 6d., or something thereabout.

155. You say it was Mr. Maitland that instructed you?—Yes. He asked me to value.

156. Did you have any communication with anybody else about it?—No.

157. Neither the Minister of Lands nor any of his officers?—No.

158. You say that an objection had been raised to your valuing?—Yes; but that was many years ago—nine or twelve years ago—I would not like to say which.

159. Are you aware of any property in your neighbourhood sold at a higher figure than your valuation?—Mr. Gibson's, of Ashley Downs, the land of which is very similar, sold for over £3 an acre in tussock. I have the figures at home. I think it was over £3 an acre, most of it; there might be some lying back that would be lower; but I am speaking from memory a good deal. Some of it was £3 12s.

160. Is that the only property you are aware of that sold at a higher figure than the assessment?—Well, there has not been much sold there.

161. What was the assessment of that property after that?—After it was cultivated and had buildings on it, it was just about what they paid before they sold.

162. What was the assessed value of it at the time when it was sold?—After it was improved. I cannot tell, because it is so far back.

163. But it was sold at a higher price than agreed with the previous assessment?—I think my valuation would be about £2 10s. an acre, before it was sold; but it is a long time since that.

164. How far back is it: how many years?—I should think that Mr. Gibson would sell about nine years ago. I have valued it two or three times since Mr. Gibson sold it.

165. Is that the only case, besides your own, which you recollect where property was sold in excess of the assessment value?—There is a property alongside that one, Mr. Borthwick's; when that was valued at about £2 5s. to £2 10s. an acre, it was sold at from £3 to £3 10s.; some of the higher sections were sold for £4.

166. How long is that ago?—I think that would be about three years ago; somewhere between the last land-tax valuation and the previous one, as far as I can remember, speaking from memory. It is impossible that I could give you dates, but I could do so if I were at home.

167. You said there was one case of a property sold considerably under your assessment?—It was £30 under the assessment; that was the property I bought from Mr. Allen, M.H.R.

168. Are you aware of any other property that was sold under the assessment?—No, I do not know of any other sold under the assessment.

169. When you valued this land there was a petition presented to the Government for the purpose of acquiring it for settlement?—Yes, I heard there was a petition.

170. Did you never see that petition?—No, I never saw that petition.

171. In your opinion, was it practically wanted for settlement?—There was a cry at the time for land, I believe, at Clinton; they said it was a good thing for the people of the district that it should be taken up.

172. I suppose you were disappointed at the result—that there was not a greater scramble for it?—For some sections there was some scramble. There were a good many applications for some of the sections; I expected that more would have been taken up than was actually the case.

173. Do you think that the money paid for it was a fair value?—Yes; if it had been mine I would not like then to have sold. I would be prepared to give a little more for it if it had been alongside my place.

174. *Mr. Thomas Mackenzie.*] You say that Mr. Borthwick's land sold for £4?—Yes.

175. But there was some of it sold at half the money?—Yes; but what I was speaking about was by the road. There was a little more pastoral land on the other side that sold for 37s. 6d.

176. What is the value for the whole?—It is under what it sold for.

177. And you say that some of Mr. Gibson's was sold for £3?—Yes.

178. Do you know Mr. Lawrence's ground?—Lawrence's was improved by another person; he did not buy an unimproved estate; it was given up by the other party who had it before Mr. Lawrence.

179. When the other party bought it, was it not a good deal under grass?—I do not think so; he had not cultivated it to the road.

180. Is Pomahaka as good solid value?—It is similar, but it is more broken up; there are deeper gullies, and the ridges are as large.

181. Do you consider that on the left bank of the Pomahaka, on the Clydevale Estate, there is some better land than behind on Pomahaka?—Not as to the quality of the land; there is some of the Pomahaka land that is not anywhere broken; there are 2,000 or 3,000 acres not so much broken, and of solid value.

182. Would you say that Pomahaka is just as good as the land on the left side of the river?—Yes; but it is a little more broken up.

183. What would you say would be the value of Mr. Gibson's improvements per acre?—There is none of it valued up to the improvements.

184. Could you not give me an idea of what the value of his improvements are per acre?—From £1 5s. to £1 10s.

185. What would you consider the selling value of Ashley Downs?—If it was offered for sale it would bring more than that.

186. It has been put in evidence that the Ashley Downs Estate was sold for £3 0s. 6d.?—It was bought from Mr. Gibson's father, who would not be very particular as to the price he would require from his son.

187. *Dr Fitchett.*] It was not a market sale?—No.

188. *The Chairman.*] Something in the way of a family arrangement; it was a private transaction?—It was a private transaction.

189. *Mr. Mackintosh.*] Did you hear from the settlers what it was sold for?—I did not hear from the settlers; I do not know anything of it from them.

190. *Dr. Fitchett.*] With respect to this rating value and the land-tax value, I want to know what you do to get at it?—The land-tax valuer has to get at the unimproved value, the gross selling value, and the value of improvements.

191. When you set down these three items what do you do with them?—I put them into a book; the book is sent to Wellington to the Land-tax Commissioner.

192. How do you get at the county valuation?—The Land-tax Department sends it to the Assessment Court, with all the objections, for their inspection; any alterations to be made are then made and initialled, and it is sent back.

193. Where a difference is expressed between the two values, and you make a gross value and an unimproved value, does the Wellington office alter them in any way?—If there have been objections they are sent down with the plan to see what alterations should be made. The gross capital value is sent down as a rule; the unimproved value is kept for land-tax purposes.

194. You say you valued at £2 2s. 6d. for land-tax?—It is all one valuation.

195. You were asked about the Popotunoa property, and you gave its average selling price at £3 8s. 6d. What did you value for land-tax purposes?—£3 3s.; but there was an objection made, and it was taken down to £3.

196. So that, being assessed at £3, it sold for £3 8s. 6d.?—Yes.

197. How does that compare with Pomahaka, which you valued at £2 2s. 6d.; it sold for £2 10s. Is the difference about the same?—Yes, about the same.

198. That estate is adjoining?—Just a road between them.

199. When you were valuing Mr. Douglas's property for the land-tax, did you make any difference in your method?—No; just the same.

200. You say you raised it slightly at the last valuation?—Yes.

200A. About 2s. 6d. an acre?—Yes.

201. Was that a common rise all round?—Yes.

202. And the three years previous?—We lowered most of them three years before, because things were dull.

203. Was that a common lowering?—Yes.

204. So that there was no departure from the general rule?—No.

205. With your knowledge of the district, Mr. Dallas, would you say that the price of land for fifteen or sixteen miles is much of an index as to the selling price of Pomahaka?—What is a better index of the value of Pomahaka are the prices realised from the sale of sections fronting it. That would be a better index than the price of land fifteen miles away.

206. Both would be a fair index, provided they were in the same position?—Yes; a good deal depends on position for the selling value; in regard to railway communication, for instance.

207. With respect to Mr. Allen's property, which you bought at less than you valued it at; did he want more for it, or did you make him an offer?—I made him an offer; it was a fair price.

208. How long before did you value it?—About two years.

209. Has there been any fall in value in the neighbourhood during that two years?—Things were a little lower.

210. What is a reasonable difference between your rating value and your selling value?—I always tried to be 5s. or 10s. an acre under; I relied a good deal more on the prices in my own district. I believe that that was nearer to the real value.

211. You have said that when you are valuing for taxation purposes you do not value for selling purposes; the principle is different. It is not the selling value you put down as the taxing value?—I always like to be a little under.

212. *Mr. Duncan.*] For land that is in cultivation? Does that bear any reference to its character as sheep land?—If it is in tussock, that, in my opinion, has nothing to do with its value for cultivation purposes.

213. *Mr. Mills.*] How long since is it that you valued Mr. Douglas's land at £2 2s. 6d.?—About two years before I valued for this. It would be three years from now.

214. *Mr. Green.*] Do I understand you to say that since the last time you made a valuation of this property you considered that the value of land had risen, as compared with the time when you made the previous valuation?—Yes, I considered that the value of the land had risen three years ago from what it was six years ago.

215. You know the land in the district?—There are seven ridings in the county, and I valued four of them. There might be three or four objections taken altogether.

216. *An Hon. Member.*] Did those who objected and made an outcry get it lowered?—Yes.

217. Are you aware how much Mr. Douglas wanted per acre for this Pomahaka property from the Government?—I never heard of any prices that he wanted at all.

TUESDAY, 11TH SEPTEMBER, 1894.

ALEXANDER BARRON examined.

1. *Dr. Fitchett.*] Your name is Alexander Barron. What is your office?—Under-Secretary of Crown Lands and Superintending Surveyor.

2. When were you first brought in contact with this Pomahaka purchase?—About the 21st of August.

3. Last year?—Last year.

4. In what way were you brought in contact with it?—I sent a telegram to the Chief Surveyor to report on it.

5. That telegram is in evidence?—Yes, I think so.

6. How came you to send that telegram?—I was aware that Mr. Douglas was about to offer his estate to the Government. Mr. Adams was on his way to examine the Conical Hills Estate, which is in the same direction; in consequence, I asked him to examine the Pomahaka Estate at the same time.

7. By what means were you made aware that Mr. Douglas was offering his land to the Government?—I have no distinct recollection. I think Mr. Ritchie must have told me.

8. He is the Chief Inspector of Stock?—Yes.

9. After sending the telegram, what next did you do?—I had very little to do with it until it came to be sold. I sent a telegram to the Commissioner of Crown Lands to send maps of the Pomahaka Estate to Mr. Adams, who was then on his way to the Conical Hills.

10. You mean the Commissioner of Crown Lands of Otago?—Yes; to Mr. Maitland.

11. What to do?—To find out what were the sections included in the estate.

12. Had you anything to do with the sale yourself?—No.

13. You had nothing to do with the purchase?—No.

14. Had you anything to do with the valuation?—No.

15. That was done in the South?—Yes.

16. You were in Wellington?—Yes.

17. Did the Minister see you about it at all?—No.

18. Did Mr. Ritchie see you about it?—Yes.

19. In what way?—Several times; in my own office principally.

20. But in what way?—We had been discussing the Conical Hills Estate, which by letter had been offered to the Land Purchase Board. He said that Mr. Douglas had the Pomahaka Downs also for sale; that as Mr. Adams was on his way to the Conical Hills he might look at the Pomahaka Downs also.

21. Did he ever see you afterwards about it?—Yes, several times; just to see whether the Chief Surveyor had been there or not.

22. Could you give him any information about it?—I told him that Mr. Adams had been through; but he knew nothing of reports.

23. Do you know of any influence having been brought to bear by any one in connection with this purchase?—I do not.

24. *Mr. Scobie Mackenzie.*] You say you were first brought in contact with this business about the 21st August?—Yes; that was the date of the telegram.

25. Mr. Percy Smith is your superior officer, is he not?—Yes.

26. He is Surveyor-General?—Yes.

27. Well, he says the first he heard of this matter was from you?—If he said so, I have no doubt it was so.

28. From what you said he sent certain instructions; that is what Mr. Percy Smith says. Now, if he heard of this matter first from you, what did you say to him?—At this time of day I could hardly recollect that. I think it is likely that after sending the telegram I went and told him what I had done, that Mr. Douglas's estate was about to be offered. I believe I told him this either the same or the next day.

29. You told him that you had sent instructions to Otago to get this estate inspected?—Yes.

30. Did you ask his permission to do so?—No.

31. You did not?—No.

32. Are you in the habit of taking action of that sort without your superior officer's permission?—Yes.

33. You are?—Yes.

34. Are you alluding to a matter of routine in the office?—Not entirely.

35. You issued these instructions, then, on rumour that this estate was going to be offered to the Government?—It was something better than rumour; it was information given to me, probably by Mr. Ritchie.

36. He is the head of the Stock Department?—Yes.

4—I. 5A.

37. Had he any connection with the matter officially?—No; not officially.

38. What was the nature of his connection with it?—He was the manager of the estate before he became Inspector of Stock.

39. The Pomahaka Estate?—Yes; and the Mount Royal Estate.

40. He had charge of Pomahaka at the same time?—Yes.

41. How did you come to know this?—I believe from himself.

42. You believe; can you not be sure?—No.

43. Was it from what he told you, or was it knowledge on your part?—I had some previous knowledge.

44. Are you aware of any relationship between Mr. Ritchie and Mr. Douglas?—Mr. Douglas is Mr. Ritchie's uncle.

45. And Mr. Ritchie had been managing Mr. Douglas's property?—Yes.

46. Then, we are to understand that you took action to get this property inspected by a public officer, on the strength of the fact that you knew that Mr. Ritchie had been manager for Mr. Douglas?—No.

47. I understood you to say so?—No. Mr. Ritchie probably told me that Mr. Douglas was offering, or had offered, this estate to the Government. Mr. Adams was on his way to the Conical Hills Estate; both are within a short distance.

48. Then, on the strength of Mr. Ritchie's statement of this estate being about to be offered to the Government, you took upon yourself to issue instructions to have it inspected?—Yes.

49. You had no authority from any one to do that?—No; I did not require any authority; my appointment was sufficient authority.

50. Suppose you had heard from any one else that an estate was going to be offered to the Government, would you have taken this action?—Yes; I would have done so.

51. Before it was offered?—It is not at all unusual to do so.

52. Can you mention any similar case in which you acted so without authority?

Dr. Fitchett: He has said that his appointment was sufficient authority. He did it by virtue of his office.

53. *Mr. Scobie Mackenzie*.] Did you ever, on the strength of a statement coming from an outsider (for you say that Mr. Ritchie had no official connection with the matter), that land was about to be offered to the Government, ever take such action before?—I cannot recollect without referring to the papers themselves to see whether I have taken any similar action.

54. If you had done so, do you not think you would recollect it?—No, I do not think so; it is an every-day occurrence.

55. What is an every-day occurrence?—Sending instructions to the Chief Surveyor.

56. On the strength of a statement made by an outsider? Is that an every-day occurrence?—The Act has been only a short time in force, so that there cannot be many cases.

57. Can you give me an instance in which you have issued instructions to a public officer to inspect an estate for sale on the strength of a statement made by an outsider?—I should have to look over the papers relating to the estates offered to see. I cannot recollect.

58. You cannot recollect. You think you could not?—It is nothing unusual.

59. If it were a usual thing to do you would know that, and would have said it was usual, enough to issue instructions without consulting a superior officer. But what I want to know is whether it is usual to give instructions to buy property?—I did nothing of the kind.

60. But you cannot recollect giving instructions to inspect?—Yes, I have said so.

61. It has been stated in evidence that you referred Mr. Maitland to Mr. Begg for plans?—Yes.

62. How did you come to send to Mr. Begg for plans?—It is well known that Mr. Begg is Mr. Douglas's agent.

63. That he is Mr. Douglas's agent?—Yes; perfectly well known.

64. Is there any reason why it should be so well known?—A good many reasons. Mr. Begg probably had connection with the department in respect to pastoral rents, and so forth.

65. You sent to him specifically for plans. How did you know where the plans were lodged?—Mr. Begg was Mr. Douglas's agent, and would have the plans in Dunedin.

66. Did not Mr. Ritchie tell you where the plans were?—Possibly he might have done so; he may have done so. I do not recollect if he did; but, if he did, it was unnecessary.

67. You are aware that a petition was got up for this land?—Some time afterwards a petition came for this land.

68. How long?—I could not say.

69. Then you took action before this petition came?—Yes; a good deal of action was taken before the petition was received.

70. On the strength of the statement made by Mr. Douglas's nephew that the land was to be offered?—Not altogether on that statement. Mr. Douglas's offer was made to Mr. Maitland on the 21st August.

71. Do you know that Mr. Maitland received the offer?—Yes; it came to the department in the usual course.

72. Then, on the self-same day that Mr. Douglas made the offer to Mr. Maitland, in Dunedin, instructions were issued to Mr. Adams to inspect that land?—Yes.

73. Had there been any communication between Mr. Maitland and yourself?—No.

74. Then you did not know, at the time that you issued the instructions, that any offer had been made to Mr. Maitland?—Except probably through Mr. Ritchie.

75. The same day?—It might be the same day or the day before.

76. Before, you say, that the offer was made—on the 21st?—Yes.

WEDNESDAY, 12TH SEPTEMBER, 1894.

Examination of Mr. BARRON continued.

The Chairman: Before commencing the proceedings I would like to point out to the Committee that it is necessary honourable members should confine their questions as much as possible to the matter under consideration. Unless they do so, there is no saying when this inquiry is to be brought to an end. All other business is in the meantime suspended. I shall therefore ask honourable members to keep close to the question at issue, and not to waste any time, otherwise this inquiry may last as long as the session lasts.

77. *Mr. Scobie Mackenzie.*] Now, it comes to this, Mr. Barron, that you set the department in motion in this matter at the instigation* of Mr. Ritchie, without instruction from or the knowledge of your superior officer?—That is so.

78. You had no communication of any sort with the Minister on this matter?—I think not.

79. Neither oral nor written?—Not written certainly. I have no recollection of any oral communication between us. I do not think I mentioned the matter to the Minister before sending the telegram to Mr. Adams.

80. Nor he to you?—Nor he to me.

81. Mr. Ritchie, you said, “frequently” called about the matter?—Mr. Ritchie is frequently in communication with the department on other matters. We are on friendly terms. We had very likely spoken about the Pomahaka Estate before.

82. You have said, in answer to Dr. Fitchett, that you were often hearing of the Pomahaka Estate; that he called frequently in connection with it?—Not previous to the instructions to Mr. Adams, but subsequent to them.

83. In your evidence yesterday you said that he called “frequently,” both before and afterwards?—No, not “frequently.”

84. Then, he must have called on you before in order to instigate the action taken?—Yes, but not “frequently.”

85. He called once?—But not “frequently.”

86. Did he call more than once?—Not with the object of communicating with Mr. Adams.

87. Did he speak to you more than once about this?—I think not; not “frequently” at any rate.

88. Called more than once? Spoken more than once?—I hardly think so; not more than once.

89. Can you tell us when he did call, whether the conversation he held with you was about Pomahaka?—The substance of it was as I have told you: that as Mr. Adams was going to inspect the Conical Hills Estate, I might as well ask him to look at Pomahaka Downs as he was going through. I agreed with him.

90. What impelled you to speak to him about the matter at all?—I had introduced the subject that Conical Hills was under offer to the department, in a sort of way. I asked Mr. Ritchie about the Conical Hills; he was acquainted with the district, so we discussed it.

91. What do you mean by “a sort of way”?—The Conical Hills Estate was not offered for sale to the Land Purchase Board directly.

92. What was offered to the Minister?—Mr. Shennan offered to exchange some pastoral country for the Conical Hills Estate; that was not contemplated by the Act.

93. It was offered to the Minister?—It was not offered in terms of the Land for Settlements Act.

94. *The Chairman.*] It was an “exchange” that was proposed in that case?—His letter was addressed to the Minister.

95. *Mr. Scobie Mackenzie.*] Then it was in writing?—Yes.

96. What had Mr. Ritchie to do with the Conical Hills Estate?—He is the chief of the Agricultural Department; he is a man that is well acquainted with country.

97. And that led on to the Pomahaka matter?—Yes.

98. Do I understand you to say that the main subject was the Conical Hills Estate?—Yes.

99. And that the Pomahaka was subsidiary?—Yes.

100. Notwithstanding the fact that Mr. Ritchie was more interested in Pomahaka than he was in the Conical Hills?—I did not know that.

101. Did you not know that he was the nephew of Mr. Douglas? But you say that he called upon you on the subject of the Conical Hills?—I did not say that. I introduced the subject of the Conical Hills to Mr. Ritchie.

102. You introduced it to him?—Yes.

103. And then he spoke of Pomahaka?—Yes.

104. The result was that you took action on that?—Yes.

105. He may have called more than once?—Yes.

106. Are you a member of the Land Purchase Commission?—No.

107. Is Mr. Percy Smith?—Yes.

108. Do you recognise Mr. Percy Smith as your superior officer in the department?—Yes.

109. Do you not think it would have been proper for you before you took those steps to have consulted the members of the Land Purchase Commission, and your superior officer?—I do not think so. I find on searching the records there are other cases of the kind in the department.

110. You think there was nothing improper in it?—The inquiry that Mr. Adams went to make was a preliminary step, to see whether the land was of such a nature as would make it worth while for the Purchase Board to consider it.

* The word “instigation” in this and other questions must be understood as meaning “request” and no more.—A.B.

111. You did not think it was improper to overlook the Land Purchase Commissioner, who was at your elbow while you were acting at the instigation of an outsider, interested in the transaction?—No; it has been done over and over again. I can show you——

112. Do not say that it has been done over and over again; you have told us that you could not find anything similar?—I have looked at the records since, and I find other instances of a similar kind.

113. What do you call “similar”; are there other cases in which you set the department in motion at the instigation of an outsider interested in the transaction, without the knowledge of your superior officer?—I could not say yes or no to that question.

114. Then, why did you say so?—None exactly “similar”; there are no two cases of men being exactly alike.

115. But that is the case as to certain facts I am asking you about, whether there are any cases in which you took action at the instigation of an outsider without consulting your superior officer, who was at your elbow?

The Chairman : You are trying to suggest to Mr. Barron that the person at whose suggestion he acted was interested in this estate.

Witness : I did not know that he was interested in the estate. I knew that there was a relationship between Mr. Douglas and Mr. Ritchie.

Mr. Scobie Mackenzie : The witness has given evidence that he acted on the instigation of Mr. Ritchie.

Dr. Fitchett : I object to the use of the word “instigation” in this way. I object to it because it is coloured. He might say “at the instance of.”

Mr. Scobie Mackenzie : He has distinctly stated that he was “instigated” by a person who was interested in the estate.

Dr. Fitchett : Now, I think that is hardly fair to the witness.

Mr. Scobie Mackenzie : I asked him whether he had set the department in motion at the instigation of Mr. Ritchie, and he said “Yes.”

116. You are aware that this purchase was made under the Land for Settlements Act?—Yes.

117. Are you acquainted with the Act generally?—Yes.

118. Do you know that the Governor is required to initiate these proceedings under the Land for Settlements Act?—Yes.

119. Well, in this case the Governor did not initiate the proceedings, but you did it yourself?—No.

120. Who did it?—Commonly the department gives the first instruction; the Board initiates at the request of the Governor. But, practically, it is the Minister.

121. But you initiated the proceedings by sending the telegram to inspect the land?—I do not think so.

122. Then who did initiate them?—The proceedings were initiated when the Board was instructed.

123. The first step was taken by the instruction of the 21st of August?—That had nothing to do with the Land Purchase Board.

124. *Mr. Green* : Ask the witness what he means by “initiation.” I think it is very necessary that his language should be interpreted.

125. *Mr. Scobie Mackenzie* : Does Mr. Barron consider that the “initiation” of a thing is not the commencement; or does he not think that the commencement of a thing is the initiation?—I consider that the initiation of proceedings to purchase is when the Board proceeds to act.

126. *Mr. Green* : That was three weeks after you sent the telegram.

127. *Mr. Mills* : Do you mean that your inquiry was simply a departmental one?—Yes; a departmental one.

128. *Mr. Scobie Mackenzie* : I presume you have read the Minister’s defence of this transaction in the public prints?—I believe I did; but I have no distinct recollection.

129. I shall ask the question again. Did you read the Minister’s defence of this transaction before the country, in his speech dealing with it at the general elections?—I believe I did.

130. Where were you at that time?—I could not say.

131. Were you at Palmerston?—About the time of the election I was there.

132. Were you not there at the time of the Minister’s speech?—I did not hear the speech; no, I was not there; I have no recollection of it.

133. Did you observe that he stated in it that Mr Ritchie had nothing to do with the transaction?—I do not remember.

134. I think it is important that you should. If I showed you the speech would that recall it to your recollection?—I did not read the whole of the speech.

Dr. Fitchett objected : Let the whole of the speech be put in evidence, as to what the Minister did say, but not to show what the witness thought of it.

The Chairman : That will be a fair thing to do.

135. *Mr. Scobie Mackenzie* : He says in the opening of his speech that Mr. Ritchie had not had anything to do with the purchase. Did you see that?—Very likely I did.

136. Seeing that, did you communicate with the Minister about it?—The statement made by the Minister is quite correct; there was no reason why I should do so.

137. Although it is suggested that you initiated the proceedings?—I do not admit that.

138. Then, why use the expression which you have used; but you set the department in motion?—Yes, to see whether the estate was one that should be purchased or not.

139. Then you did not think it advisable? You did not think it advisable to communicate with the Minister when he said that Mr. Ritchie had nothing to do with the matter?—I should certainly not seek to confirm the Minister; for the Minister's statement is quite correct.

140. Had you seen this statement made by the Minister, that Mr. Ritchie had nothing to do with the matter, would you have thought it your duty to have communicated with him on the subject?—The statement was not that Mr. Ritchie had nothing to do with the matter, but that Mr. Ritchie had not anything to do with the purchase; neither he had.

141. *Mr. Green.*] Mr. Barron thinks that when the Board sits that is the "initiation"; that was the 14th of September?—No.

142. Well, then, will Mr. Barron state when is the "initiation"?—The initiation is when the offer is put before the Board.

143. That was on the 14th September. Is it not the case that the Board sat before that time?—I cannot at this time say.

144. When do you say is the "initiation"?—When the Board, or the Chairman of the Board, takes action to inquire as to the estate.

145. The Chairman is the Surveyor-General?—Yes. [Telegrams read.]

The Chairman: The Governor's warrant is dated the 4th September.

Mr. Green: Is that the "initiation"?

The Chairman: That is a matter of opinion, I presume.

146. *Mr. Scobie Mackenzie.*] I want to ask you a question, Mr. Barron, for my own enlightenment, in regard to the papers relating to these transactions in the Land Office. They are all numbered, are they not?—There is a large number at the top, over a small number. The large number is the record number; the small is the number in the file. It is not always possible to follow that. A letter may go without the sub-number, but it is put in its place notwithstanding.

147. There is some alteration of number here. The record number is 18861; it commences at 1 and goes on. Mr. Adams's report is 112. I would ask the Chairman to instruct the witness to lay before us the entire file, without any omission whatever.

The Chairman: Everything relating to Pomahaka.

148. *Mr. Mills.*] Did I understand you to say that when you sent that telegram it was merely a departmental inquiry to justify your going further in the matter?—It was a departmental inquiry to see whether the land referred to was such as could be dealt with by the Land Purchase Board.

149. If that report had been unsatisfactory, would anything more have been done?—Nothing more would have been done.

150. Did the Minister or the Surveyor-General speak to you, or in any way influence you, about this block with a view to purchase?—No.

151. If Mr. Adams made a valuation it was only incidental, to see whether the block was of such a kind that it ought to be submitted to the Board at all. Did your telegram in any way influence him so as to give more than the value?—Certainly not.

152. *Mr. Duncan.*] When you by telegram instructed Mr. Adams to make this "flying survey," as we might call it, what was the next step after he replied to you?—His report was submitted to the Surveyor-General officially.

153. Did your connection cease with the transaction then?—Yes; entirely.

154. *Mr. Green.*] Mr. Barron states that the first instructions were to Mr. Maitland?—To Mr. Adams first, but Mr. Maitland's were sent on the same day.

155. Both on the same day?—Yes.

156. Did Mr. Adams report to you, or did he report to the Surveyor-General?—To the Surveyor-General. As a matter of routine, all communications are addressed to the Surveyor-General in the department.

157. What do you designate that reply he sent after your telegram? Is it a report?—Yes; it is a report on the kind of country.

158. Did you of your own motion know, or did any one instruct you, that the particulars were to be got from Mr. Begg?—I have answered the question, that I was aware that Mr. Begg was Mr. Douglas's agent.

159. You were aware that he was Mr. Douglas's agent in Dunedin?—Yes. Mr. Begg was in Dunedin, Mr. Douglas was at Mount Royal, and Mr. Adams was on his way to the Conical Hills.

160. Did Mr. Adams send in his report?—Yes.

161. Of the Conical Hills?—Yes. [Put in.]

162. What date have you got?—The 30th August.

163. Were copies of the document sent to Mr. Maitland in connection with this matter sent on to Wellington?—I do not quite understand your question.

164. Were the papers sent by Mr. Maitland to the Wellington office? What I want is the date of the letter—if there was a letter—from Dunedin to the Wellington office from Mr. Douglas?

Dr. Fitchett: It is here; 21st August.

165. *Mr. Green.*] You said that you instructed Mr. Adams to get plans from Mr. Begg?—I instructed Mr. Maitland to get the maps from Mr. Begg.

166. You sent a wire, on the 30th August, asking for this report?—If I did, it is on the file. I do not remember.

167. Did Mr. Percy Smith himself send this wire to Mr. Maitland, recommending Mr. Dallas as valuer, or did he direct you to send it?—He sent it himself.

168. Was that the first action of Mr. Percy Smith in connection with this purchase?—I think not.

169. Do you know of any other?—The previous one, I think, is on the file.

170. That is the first date of which we have any evidence given that it was the first action?—I am in the office, but I cannot speak to everything that happens.

171. Did Mr. Percy Smith communicate that action of the 4th September?—I cannot say. The file should show it.

172. Cannot you say when you began, or when you ended?—I began on the 21st August.

173. By looking at the file you could tell?—Yes.

174. Not without?—I could not retain in my mind all that, for this length of time.

175. Do you know when the order was given for the survey?—I do not know the date. It is on the file.

176. You do not know when you gave the order for the survey?—I do not know the date of it. It is on the file.

177. Does the Board of Commissioners report to you, or through you?—No.

178. Do they report through Mr. Percy Smith, the Surveyor-General?—The Surveyor-General is Chairman of the Board. He signs the report with the other Commissioners. That report is forwarded to the Governor by the Minister.

179. Did this report go to the Minister?—No; it is not sent to the Minister except for the purpose of being sent to the Governor.

180. Was that the first time the Minister had anything to do with it?—To my knowledge it was.

181. You have no knowledge of any action connected with it before that?—I have no knowledge of anything of the kind.

182. Do you know what value was put on the Conical Hills land?—£3 5s. I think the Board recommended the purchase at £3 5s.

183. Here we have the report of Mr. Adams on the Conical Hills Estate, valuing it at £3 an acre. What did the Board value it at?—£3 5s.

184. How far is the Conical Hills from Pomahaka?—Only a few miles—not more than ten miles, I should think.

185. *Mr. Hogg.*] You say that you had an interview with Mr. Ritchie on the 21st of August, and that incidentally this matter came up. Was that the first time that reference was made to this particular estate?—I do not think it was.

186. Mr. Ritchie had previously spoken to you?—Yes, I have no doubt he had, to the effect that Mr. Douglas had that estate in the market.

187. Do you remember whether he stated that it should be purchased?—No, I do not.

188. Or that it was adapted for agricultural settlement?—Yes.

189. Previous to this interview?—Yes.

190. It was after that interview that you communicated with the Commissioner of Crown Lands and also with Mr. Adams?—Yes, simply because Mr. Adams was on his way.

191. Had you any communication with Mr. Douglas before that time?—No, none whatever, nor at any time.

192. Do you know whether Mr. Douglas was made acquainted that the purchase of his estate was contemplated?—No, I do not think so; I am sure he was not.

193. It was on the 21st of August that Mr. Douglas wrote himself, mentioning the price, and offering the land, and making the suggestion that it should be inspected?—It may be a coincidence. I cannot account for it.

194. You say that Mr. Ritchie did not recommend the purchase?—No.

195. He did not refer to the price that Mr. Douglas expected?—I do not think so.

196. But he suggested that the estate should be examined?—Yes.

197. Did you receive the petition that is before the Board?—Yes; it came to the department from the Minister.

198. Do you remember how long that was after your telegram was despatched?—It was a good while—several weeks, I think.

199. Would it be before the end of the month?—I could not say.

200. What is this pencil-mark?—That is merely the number of the subject without the sub-number.

201. It is minuted. I presume Mr. Douglas's offer was entered in the ledger of the department on the 5th of October. This petition would be received before that?—No, it was not; the offer must have been in Wellington the 24th or 25th of August—

202. *Sir Robert Stout.*] What do you mean by the offer—the letter to Mr. Maitland?—Yes.

203. *Mr. Hogg.*] Mr. Douglas's offer reached Wellington early in September. Why was the offer not entered until that date?—I might state some theory on the subject, but I could not state why the fact is.

204. *Mr. Scobie Mackenzie.*] You do not know when the petition was received?—I know it was some time after the offer was received.

205. From the Minister?—From the Minister—yes.

206. You examined the petition yourself?—Yes.

207. Did you see anything singular about it?—I did not notice anything singular about it. It seemed to be an indication of a demand for land there. That is one of the subjects which the Board has to inquire into.

208. Then the language did not strike you as something singular?—No.

209. Nor the occupation of the signatories?—Yes; I observed they were mostly settlers.

210. Did you notice that nearly all who signed the petition were farmers?—Yes, I think I did.

211. Did it not strike you as singular that they should be so anxious for settlement?—No, there are many such who are anxious for settlement for their sons, friends, or relatives. Most of them would probably be farmers renting land from others.

212. They were not averse to any competition in their own line of business?—The apparent object was to get more land put into the market.

213. After your interview with Mr. Ritchie on that occasion, did you consult the Minister?—I think not.

214. Had you any letters from Messrs. Douglas, Turnbull, Begg, or Wright, Stephenson, and Company, of Dunedin?—No.

215. No communication at all?—None.

216. *Dr. Fitchett.*] Referring to this difficulty about “initiation.” I understood you to say that you understood “initiation” to be when the Board began to act?—Either the Board or the Chairman.

217. I notice by the Act that the duties of the Board are defined to the effect that, there shall be a Board, consisting of the Surveyor-General, the Commissioner of Taxes, the Commissioner of Crown Lands, and the District Land Registrar, “whose duty it shall be, upon the direction of the Governor, to ascertain by valuation by a competent person, or by such other means as seem to him fit, the value of any lands the Governor may purpose to acquire.” Now, am I right in taking your meaning to be that the Board begins to act when the Governor has directed it?—Yes.

218. The initiation of purchase would be the action of the Board?—Yes.

219. And the Board does not act until the Governor directs?—Yes.

220. But your inquiry was a departmental one, outside the function of the Board?—Yes.

221. There are a good many of these inquiries in the course of the year?—Yes; and many of them come to nothing.

222. So that you have this preliminary inquiry, and, if it is not favourable to the purchase, you do not trouble the Board ever after about it, and the Board never acts?—That is so.

223. So that the whole object is to consider whether the land is worth the consideration of the Board?—Yes.

224. Why did you not do so in the ordinary way by letter?—I knew that Mr. Adams was to leave Dunedin on the same day (Monday) for the Conical Hills Estate.

225. And it was to catch Mr. Adams?—Yes; to intercept him at Clinton.

226. Then, as the head of a department, you wished to combine the work and time of your officer as far as practicable?—Yes.

227. Would you do the same again under the same circumstances?—Yes; I have done it over and over again.

228. Did you yourself make any recommendation in this matter?—No.

229. Did you in any way depart from your strictly official duty in this matter?—No; in no way whatever.

Mr. Scobie Mackenzie: Here is Mr. Shennan’s proposal for an unconditional sale——

230. *Dr. Fitchett.*] What is the date of the original proposal?—The 25th of July. That is the proposal Mr. Adams went down upon.

231. *Sir Robert Stout.*] Is it usual for an Under-Secretary to direct the inquiry that may be necessary respecting “lands for settlement” without communicating with his Minister?—I have not done so.

232. Then you would get instructions from some one before you did so?—No.

233. *Mr. Green.*] Did you notice that paragraph in Mr. Shennan’s letter stating that his land was offered as an unconditional sale?—The proposal considered was an “exchange.”

The Chairman: That was in the previous letter written in July——

234. *Sir Robert Stout.*] Mr. Barron brings this matter before him on the 20th September——

Witness: There was a previous letter.

The Chairman: There was a previous letter dated the 1st July.

235. *Sir Robert Stout.*] There is another letter of the 28th. Was there any reply by Mr. Shennan to this letter (handed to witness)?—If it is not on the file there is no reply.

236. Can you say there was no reply?—I think there is nothing more.

237. Then there is no answer to the reply of the Minister?—No; I think not.

THURSDAY, 13TH SEPTEMBER, 1894.

JOHN DOUGLAS RITCHIE examined.

1. *Dr. Fitchett.*] Your name is John Douglas Ritchie. I believe you are the head of the Stock Department?—Yes.

2. You are also a relative of Mr. Douglas?—Yes.

3. You are his nephew?—Yes.

4. Do you know the Pomahaka property?—Yes.

5. How long have you known it?—I first knew it about fifteen years ago.

6. Have you anything to do with it?—I have taken the “outside supervision” of it; that was before I joined the department, about three years ago.

7. The Mount Royal Estate is also his?—Yes.

8. To what extent were you in the confidence of your uncle about his business affairs?—I was as far in his confidence as one could be in the confidence of another man; I knew exactly what was doing.

9. When did you first hear of the sale, or the offer of sale, of this property to the Government?—Mr. Douglas told me that he purposed offering the property to the Government. I mentioned the circumstance to Mr. Barron. Mr. Douglas wrote to me several times to the effect that he purposed selling the property. I mentioned the matter to Mr. Barron, as I knew that Mr. Adams was going to the South at the time.

10. You say that you mentioned the subject to Mr. Barron; do you remember when?—I think it was about the middle of August; it might be about the 19th, or 20th, or 21st: somewhere about that time.

11. Do you remember the circumstances? Did you go to Mr. Barron, or did Mr. Barron go to you?—It arose out of a casual conversation about other properties offered to the Government.

12. Which property?—More particularly the Conical Hills. He asked me if I knew the property. I said I knew it only slightly. I never had been on the property, but I had been not far from it.

13. Did he say anything more about it?—He told me that Mr. Adams was going down to see it.

14. Did he say for what purpose?—I understood that there was a proposal to exchange some other property for it.

15. With the Government?—Yes.

16. And that Mr. Adams was going to see it in connection with that?—Yes.

17. How did the Pomahaka Estate come into the conversation?—I suggested to him that as this property was likely to be offered to the Government, and as Mr. Adams was going in that direction, he might look at Pomahaka when coming back.

18. What did Mr. Barron say?—He said it was a very good suggestion.

19. What did you do after that?—I informed Mr. Douglas that Mr. Adams was going to see the property at Conical Hills, and that he would look at Pomahaka on his way back.

20. How did you tell that to Mr. Douglas?—By wire, I think it was.

21. Did you tell him anything else?—I told him that he would have to make an offer of the property through Mr. Maitland in Dunedin.

22. Did you know at that time definitely whether Mr. Douglas was going to offer the property?—Yes; I understood that he was preparing to offer it.

23. *Mr. Scobie Mackenzie.*] To whom?—To the Government for purchase.

24. Had you spoken to the Minister about it up to this time?—Some time before I mentioned that the property was for sale, but not at that time.

25. Did you say to whom, or in what way?—Under the Land for Settlements Act.

26. *Dr. Fitchett.*] What did he say to that?—He told me that it was a matter for the Land Purchase Board; that he had nothing to do with it; and that if Mr. Douglas was prepared to sell he would consider the offer when it came before him.

27. Had you any other conversation about it?—No, I do not think so.

28. After that, what happened as far as you know?—I know from Mr. Douglas that the offer was made to Mr. Maitland. So far as I was concerned I had nothing more to do with it.

29. Had you his general authority, not specific, to say what you did to Mr. Barron?—Yes; I mentioned it to several people in Wellington that the property was for sale, and gave them particulars of it.

30. Do you know anything more about the matter, so far as you are concerned?—Not personally; I knew generally how the thing was going on. Mr. Douglas asked me several times how the business was progressing, but I did not act in any way between the Government and Mr. Douglas, or between the Land Purchase Board and Mr. Douglas.

31. You have heard a great deal about the petition. When did you first hear of a petition?—I think I heard that the petition was on the way before I spoke to Mr. Barron.

32. On the way?—That is, being circulated for signature.

33. Not on the way to Wellington; you do not mean that?—No.

34. Had you anything to do with it yourself?—Nothing.

35. Did you speak to any one in Wellington about it?—Yes, I spoke to one person about it.

36. To whom?—To Mr. Thomas Mackenzie.

37. Do you remember when?—He happened to come into my office one morning. I had a letter from Mr. Douglas that same morning. It was a Monday morning, I think, after the Southern mail came in. He told me the petition had been sent to Mr. Thomas Mackenzie. I asked him if he had the petition, and I think he said he had.

38. It has been stated in the newspapers that you went to Mr. Thomas Mackenzie?—I did not go to him.

39. Going back a moment, you say that you had several communications from Mr. Douglas after Mr. Adams started to inspect the land. Did you ever see Mr. Barron about it after that?—I might have spoken to him, and asked him how the thing was going on.

40. Have you any letters that passed between Mr. Douglas and yourself?—No; I have destroyed the letters I received from Mr. Douglas. I make a periodical clearing up. I have not got them.

41. Did you ever ask Mr. Barron to do anything at Mr. Douglas's request?—I think I asked him to inform Mr. Douglas when the Board was to meet.

42. Have you any personal knowledge of anything else connected with the purchase, from the time you spoke to Mr. Barron until the time the purchase was complete?—I knew how the business was going on, but I had nothing more to do with it.

43. Did you attempt to influence any one in connection with this purchase?—No, I did not.

44. Did Mr. Douglas communicate to you their offer when the Government made it to him?—He did.

45. Do you remember what he said?—He said an offer had been made to him by the Government, and asked my opinion of it; I said it was very much below the value of the property.

46. What did you say was below the value?—£2 10s. was the price they offered; I said it was below my valuation.

47. Is that your opinion?—Yes.

48. *Mr. Scobie Mackenzie.*] You say that Mr. Douglas wrote to you several times that he desired to sell the property?—Yes.

49. I understood you to say that all these letters are destroyed?—Yes; they were destroyed shortly after the time I got them.

50. The whole of them?—Yes.

51. How long after you got them?—I cannot tell you; I make a periodical clearing-out of my drawers; but I know they were destroyed not long after I got them.

52. Are you in the habit of destroying all your letters?—Generally I do—all private letters.

53. No matter how important they are?—If I had considered that it was important to have kept some of the letters I would have done so, but I had no thought at the time they would be required. I do not keep private letters as a rule.

54. I understand you to say that you would keep private letters?—Yes, if I considered they would be wanted; but I understood that this business was finished. I had nothing more to do with it.

55. Did you not think that a letter, in respect to which you were a medium between Mr. Douglas and the Government, for the purpose of selling property—did you not think that an important letter?—I do not think I was a medium between Mr. Douglas and the Government; I only asked that Mr. Adams should see the property. I considered that I was only facilitating the business by referring to Mr. Adams.

56. Facilitating the sale of a large property?—The property was purchased; the transaction was complete.

57. You got a letter before the purchase was complete. Did you not think it desirable to keep that letter?—There was a private communication between Mr. Douglas and myself. I had not anything more to do with the property after I put him in communication with the Government. He writes to me often about station matters. When the subject to which they refer is completed I destroy my letters.

58. Can you recall from memory a summary of this letter?—No, I cannot. If there was anything specific I might remember something of it.

59. You cannot recall the contents of any of these letters?—Nothing in particular.

60. I think I can refresh your memory about one of them, with the assistance of Mr. Douglas himself. Have you read Mr. Douglas's letter to the paper on this question? Do you remember this passage in one of them? [Extract read: "In writing Mr. Ritchie I mentioned that the petition had been sent to Mr. Thomas Mackenzie, and expressed a hope that legislators would be able to spare as much time from worrying each other as to consider the petition; that I was anxious to learn their decision respecting this, because I found I had plenty of buyers, were I to sell in largish-sized blocks; that I believed I could make a better price in this way, and would try this mode if the Government did not "bite" at once—my objection desiring a speedy answer being that I might make financial arrangements for selling privately and on terms sufficiently long to suit buyers. Mr. Ritchie had the supervision of this property for many years while I was living in Canterbury, and had seen and really knew more of it than I did myself."]—I remember that was a letter I got from Mr. Douglas the morning that Mr. Thomas Mackenzie called.

61. Then you spoke to him about it?—Yes.

62. How do you know it was the one?—Because it informed me the petition was sent up to Mr. Thomas Mackenzie.

63. You think it is the same one?—Yes.

64. Did you act on this letter in any way?—I do not think I acted further than speaking to Mr. Thomas Mackenzie about it. Mr. Douglas was under a misapprehension about the purchase. He was under the impression that it was the Waste Lands Board in Dunedin that had to do with it.

65. Mr. Douglas desires from you a speedy answer as to whether the Government are going to "bite" at once?—He told me the petition had come up. I asked Mr. Thomas Mackenzie if he had sent the petition on.

66. He says, he desires a speedy answer as to whether the Government are going to "bite," in order that he might make certain financial arrangements. Is Mr. Douglas making a mistake that he desired a speedy answer?—I do not think that he expected an answer from me. He did not think it was going before the Land Purchase Board. It was only a few days afterwards he found that the Land Purchase Board were to be the purchasers.

67. Did you give him an answer to this letter?—I wrote to him that I had asked Mr. Thomas Mackenzie.

68. You did not keep a copy of this letter?—No.

69. None?—None.

70. Did you take any step whatever in response to this letter to get the information desired by Mr. Douglas?—I do not think so. I spoke to Mr. Thomas Mackenzie and he said he was going to send the petition on.

71. He could not tell you whether the Government was going to "bite"?—No.

72. Did you take any steps to find out whether the Government would "bite" at once?—I do not think so.

73. Had you any communication with the Minister?—I spoke to the Minister when the petition came up. I said the petition had come. But he always told me that the thing was for the Land Purchase Board, and that it would have to go to them.

74. Did you communicate to Mr. Douglas that the petition had come?—I am not sure.

75. You would do that early in the correspondence?—I told him the offer had to go through Mr. Maitland. He understood that it was the Waste Lands Board that would have to do with it; but he found out afterwards that it was the Land Purchase Board.

76. You say that you saw the Hon. John McKenzie on this matter?—Yes.

77. Did you ask him if he was going to "bite"?—I knew it was to go to the Land Purchase Board. I might have asked whether the petition had gone on.

78. Did you ask him anything about it?—I knew that the purchase had to be gone into. There

had been no valuation of the property by the Land Purchase Board. Consequently it would be some time before the purchase could be completed.

79. Did you see him more than once?—No, I do not think it at that time. He knew nothing about it until the very last.

80. What was the date of your first interview with the Hon. John McKenzie about the land?—A good many months before. I must have spoken to him eight or nine months before the petition came up.

81. About this land? What was the nature of the communication then?—Merely that the land was for sale, and that I thought it would be suitable for settlement.

82. But at the time of the petition coming up, at the time of your receiving the letter from Mr. Douglas, what was the nature of the communication?—I do not think I said more than that the petition had come up, and asked when it would be sent on.

83. Did you tell him the petition was coming up?—I told him it had come up; I knew that it had come up. I think it was the day after Mr. Thomas Mackenzie told me he had got it.

84. Did you tell him at any time that the petition was coming?—No, I do not think I did.

85. Had you any written communication with him on the subject?—None.

86. But you did tell him it had come up?—Yes.

87. After you saw Mr. Thomas Mackenzie—the same day?—I do not think it was on the same day. I think it was on the next day; I cannot say exactly. I know it was subsequent to my seeing Mr. Thomas Mackenzie.

88. Had you any communication with the Minister after the sale?—None; no communication.

89. Verbal or written?—I might have spoken to him about it. I do not think there was anything, because immediately the session was over he was away. We were far apart. I have no recollection.

90. Did you make any written communication to him?—No, I do not think so. I am sure I did not. I have no recollection of ever putting pen to paper about the purchase, or communicating at all on the subject.

91. Did you send to the Minister any telegram?—I have no recollection.

92. Did you send him a telegram; I will recall to your memory what may help you? Will you swear that you did not send a telegram urging him to pay the money as soon as possible?—I sent a telegram to the Lands Department, asking them about the money, but not to the Minister.

93. Where were you then?—I was at Tenui.

94. To whom did you address the telegram?—I presume it was to Mr. Barron. To Mr. Barron, I think.

Dr. Fitchett: If you are not sure, do not say so.

95. *Mr. Scobie Mackenzie*: You think you sent to Mr. Barron?—Yes.

96. What were the contents?—The contents were that I had got a telegram from Mr. Douglas, repeated to me at Tenui, saying that the price had not been handed over, and asking when he might expect that it would be sent.

97. What business was it of yours?—I only complied with the request.

98. You did not act as a medium in any way?—Not during the sale. It was a considerable time after the sale that the telegram was repeated to me at Tenui from the Stock Office here. It was a private telegram.

99. Will you shortly state what was the object?—Mr. Douglas was anxious to get the money. It had not come as soon as he expected, and he asked me to inquire respecting it.

100. Why did he not ask for the money himself?—He thought my influence here might help the thing on a bit.

100A. If he thought your influence would help the thing on after the sale, was it not reasonable to suppose that that you would influence the sale itself?

The Chairman: That is a question more for Mr. Douglas than Mr. Ritchie.

101. *Mr. Scobie Mackenzie*: What reason had you to suppose that influence would be of value after the sale?—Many people come to me to know where vouchers have gone to. I have to make inquiry about them. He thought, no doubt, that I would do the same in his case.

102. It is no use, I suppose, asking you if you have a copy?—It will be on the Lands Department file, I presume.

103. You called on Mr. Barron several times, you say, and you discussed the question with him?—I did not call on him; I think the conversation began quite casually. I have to go into Mr. Barron's room nearly every day about other business. On one of these occasions the question of the Conical Hills cropped up.

104. How did it crop up?—I think he asked me about the property. He wanted to get any information I might have about it. He asks me nearly every day about properties, and other departmental business.

105. Did you give him the information?—I said that I had never been on the property.

106. What did you say to Mr. Barron?—He told me that Mr. Adams was going to see it—that is, the Conical Hills—and I said to him that he might intercept Mr. Adams at Clinton, and ask him to go and see Pomahaka as it would save expense, which he did.

107. Was this property for sale for the first time?—No.

108. It had been in the market?—For a long time.

109. What do you consider a long time?—Mr. Douglas was anxious to sell for years.

110. There was a public sale of it advertised; when was that?—In 1889.

111. It was for sale before that?—Yes.

112. Can you recollect about the time when it first came into the market?—No; I think it must have been about 1882.

113. That is twelve years ago?—It would be about that time, I think.

114. You are not prepared to say that it was for sale before that?—I should say it was, but I

could not tell you for certain. Mr. Douglas had not seen the property for fifteen or twenty years. He was always anxious to sell it.

115. During all that time had he done anything to it?—It had been fenced; I could not exactly say when it had been fenced. It was fenced on one side, "Tolmie's," about 1880, and on the company's side about 1886.

116. He had not done anything in the way of improvement; he had not turned it up?—No.

117. Then it was lying in a waste condition?—Yes.

118. How long has he had it?—He had it before I came to the colony; I think he has had it about twenty-six years.

119. During all that time nothing was done except this bit of fencing?—No.

120. Do you know why he fenced?—He was obliged to fence, because the Australian Land Company wanted to fence their side.

121. They wanted to cultivate their side, that is, their own property, and therefore he was bound to fence?—He did not want to fence.

122. Since we find that you sent that telegram, had you any other communication with Mr. Barron, or with the department?—Not in writing.

123. It would appear that for eight or nine months you had been speaking to the Hon. John McKenzie, the Minister, about this land?—I knew the property was for sale.

124. The day after the petition came up you told him so?—Yes.

124A. Did you tell him the bare fact, or did you make any comment?—I cannot say exactly; I think I said the petition had come up. I asked him if he would send it on to the Land Purchase Board. I understood the Minister's position, that he could not buy the property.

125. You say that you had had charge of this property?—Yes, I had the outside supervision of it; I had to look to everything outside.

126. But you never lived on it?—Never.

127. Were you cognisant of all the business connected with it. Had you charge of it in every way?—Not in every way. Mr. Douglas acted himself sometimes; his agent sometimes for him; but I practically took the outside arrangement for fencing, &c.

128. Were you aware of any offer made for the land at this time?—Yes.

129. Were they made to you?—No.

130. During the time you had charge of this place it was rented, was it not?—Yes.

131. To whom?—The New Zealand and Australian Land Company had it for some time.

132. But you knew the rents, and the periods over which they ranged?—I did know.

133. *Mr. Mills.*] Do you know if any land adjoining this estate, or in the neighbourhood, has been sold within the last five years?—There has been some sold lately, but I cannot tell you the particulars.

134. You do not know the price it realised per acre?—No; I could not tell you that sufficiently near.

135. Will you tell the Committee what is the extent of ploughable land in the Pomahaka Estate?—It is all ploughable, with the exception of about 300 acres—certainly not exceeding 400 or 500 acres.

135A. Do you concur in the opinion that the price paid for it was a low one?—I do.

136. *Mr. Meredith.*] You said you do not keep your letters in reply; I understand you to mean by that your own private correspondence?—All public correspondence is kept as a matter of course, but this was private.

137. On any occasion in which you approached the Minister of Lands for information in regard to this or any other lands, he informed you that the business of purchase was the work of the Land Purchase Board?—Yes.

138. That is, the Board under the Land for Settlements Act?—Yes.

139. Did you receive, on any occasion, any request from the Hon. John McKenzie, the Minister of Lands, to communicate with Mr. Douglas in reference to the purchase of this estate?—No, I do not think so.

140. *Mr. Hogg.*] You said that you wired on the 21st?—I think it would be about that time; I am not sure of the exact date.

141. That was after your interview with Mr. Barron?—Yes.

142. You informed him merely as to the result of your interview?—Yes.

143. You have not kept the telegram, I suppose?—No.

144. Do you know what it had been producing for the years that he had been receiving rent from this property?—Mr. Begg is Mr. Douglas's agent in Dunedin. The rents would be paid into his books. Mr. Douglas was living in Canterbury. I was forty miles away from Dunedin. I only kept my own station-books. I knew pretty well what was paid, but I have never considered the rent any criterion of the value of the land.

145. You have never thought that the rent paid was commensurate with the value of the land?—No. I recommended that it should be cultivated. Mr. Douglas had his hands very full; he had not seen it for fifteen or twenty years. In 1889 about 1,140 acres were sold, averaging £3 12s. to £3 14s.

146. Did you recommend the purchase of this land to the Government?—I said that I thought it land suitable for settlement. I did not recommend them to purchase. The offer was coming up in any case.

147. *Dr. Fitchett.*] You knew the offer was coming up?—Yes.

148. *Mr. Hogg.*] Were you acting as agent?—No; but, considering the relationship between us, he naturally thought I might have something to do with it. I was careful, when Mr. Barron sent the telegram, to stand out entirely.

149. Did you receive any commission at all?—No; none at all.

150. *Mr. Green.*] Can you recollect what business Mr. Thomas Mackenzie called about that day?—No; it was some departmental affair. I know it happened in my office. I do not know the

business that he called about. I think it was something about his own district. I believe I spoke to him about a rabbit-gate across Catlin's Bridge. I asked him whether he could do anything in the matter. I am quite positive it was in my office that I spoke to him.

151. About this petition—do you remember the answer he gave you?—I think he told me he had the petition, and that he would send it on at once.

152. Do you know whether it was to the Minister or to the House, from any communication he made to you?—No; I have no recollection. I had not seen the petition.

153. And you do not know to whom it was addressed?—No. Mr. Douglas wrote to me, and said it had been sent to Mr. Thomas Mackenzie.

154. And that he had it?—I understood him to say so.

155. Then the next day did you speak to the Minister about it?—I think so.

156. Do you recollect what the Minister said to you?—I believe he said it would be sent on to the Land Purchase Board.

157. Do you remember any statement the Minister made on this occasion when you spoke to him?—I know he said that everything had to be done through the Land Purchase Board.

158. *Mr. Thomas Mackenzie.*] About that petition, it is very singular that I have no recollection of your mentioning the petition at all?—I will tell you I remember being in your office.

159. I mentioned to you that Mr. Douglas was anxious to have the business expedited.

160. *Mr. Thomas Mackenzie.* : I could almost swear you never mentioned the petition to me. I am not depending on memory alone; although the matter is some twelve months old I can refer to my books which I wrote up a very little time after I went home. I had occasion to write something in connection with what had occurred in reference to this petition, and your name does not appear involved in connection with the petition. This is what I wrote shortly after the occurrence: "Now, what really occurred, as far as Ritchie and I are concerned, was as follows: I had occasion to go to his office about some stock business, and when I was about to leave, Ritchie remarked, 'By the way, have you had any word about some land at Pomahaka?' I replied 'Yes.' Ritchie said, 'Do you know the land, and what do you consider its value?' I replied, 'I do not know the land beyond seeing it from a distance; but I have been over the Clydevale Estate which joins.'" I never recollect your mentioning the petition to me. I had occasion to have other correspondence at a different date relating to the same matter, and no mention is made of any petition in that correspondence, and I have also stated "in regard to Mr. Ritchie that Mr. Ritchie never mentioned the petition to me."

160A. The reason I asked you to send the petition on was that the Bank had given Mr. Douglas notice that they wanted their money, and he was anxious to expedite the matter.

Mr. Thomas Mackenzie. : I wrote down shortly after what my impression was of the affair. There is a pretty general agreement between us in regard to the other particulars of the interview.

The Chairman. : The only difference between you has reference to the petition.

Mr. Thomas Mackenzie. : I presented the petition on the 29th of August; the interview with Mr. Ritchie was on Monday, 28th: the 29th was on Tuesday, the day after.

161. *Mr. Mackintosh.*] You were managing that property once, Mr. Ritchie?—Yes, I had the outside supervision of it.

162. Was it stocked?—I never had it stocked.

163. What stock would it carry?—It would not carry more than a sheep to the acre, barely that.

164. *Dr. Fitchett.*] You did not ask the Minister if the Government was going to "bite"?—No.

165. You knew it was a matter for the Land Purchase Board, and not for the Minister?—Mr. Douglas thought it was the Waste Lands Board at Dunedin who would make the purchase.

166. Now, from your knowledge of departmental routine, would it be possible for the Minister to influence this matter?—I do not think so.

167. Now, in Wellington, in these matters, or in this particular matter, from your knowledge of the way in which the machinery is worked, does the Governor or the Government act otherwise than upon the recommendation of the Land Purchase Board?—No, I do not think so.

JOHN DOUGLAS examined.

168. *Dr. Fitchett.*] Your name is John Douglas. You sold Pomahaka Downs to the Government?—Yes; I sold it to the Government through the Land Purchase Commissioners.

169. How long have you owned the property?—About twenty-five years, I think, or a little more.

170. What have you done with the property since buying it?—The property adjoined that of Mr. W. A. Tolmie and the New Zealand and Australian Land Company, and I leased it to them.

171. Had you ever improved the property?—I fenced, but only a part at first.

172. Then, it was leased to the neighbouring owners?—I was forced to lease it to the neighbours, because there were no yards nor buildings, and the fencing was not complete.

173. Can you give me a record of the rents you received from it?—The first lease, or rather permission to occupy, for no one really had a lease, was to Mr. W. A. Tolmie. He occupied from 1870 to 1875, at 1s. 6d. an acre; and from 1875 to 1879 at 2s. an acre.

174. He paid the taxes?—Yes.

175. Was the land fenced then?—No; it was not fenced.

176. Who followed Mr. Tolmie?—The New Zealand and Australian Land Company. It was then fenced between them and Mr. Tolmie.

177. How long did they hold it, and at what rent?—From 1879 to 1880 at 1s. 6d.; 1880 to 1886 at 1s. 3d.; 1886 to 1887 at 6d.; 1887 to 1893 at 9d.

178. Were they successors to Mr. Tolmie?—Yes.

179. *Mr. Thomas Mackenzie.*] Who paid the taxes?—The tenants paid the taxes invariably. In 1886, the company said, "We want this land fenced." Because they wished to cultivate theirs, of course I could not then do anything in the way of leasing to outsiders until the land was fenced. In

1886, Mr. Ritchie, who was then living at Mount Royal, had to go and arrange for a line of fencing. It took some time to do this; so that there was an interregnum, the company paying me 6d. an acre during this interregnum. They could not keep their stock off my land unfenced, and, rather than impound or quarrel, I accepted this 6d. per acre.

180. *Dr. Fitchett.*] There was an interregnum, you say, and during the interregnum the company paid you 6d. an acre?—Yes; until the fence was up; they then agreed to pay me 9d. an acre.

181. When did they begin to pay 9d.?—In 1887.

182. How long?—They paid 9d. until I sold.

183. For how long did they pay 6d.?—For some months.

184. *Mr. Scobie Mackenzie.*] For one year and six weeks, was it?—It might be that.

185. *Dr. Fitchett.*] Were these fixed leases?—No; they were “permissions to occupy.”

186. You had the right to sell at any time?—Yes, on giving them notice—three months.

187. You think it was three months?—I think it was three months.

188. You say you were always expecting to sell the land?—Yes.

189. It was not stocked?—No. It was leased, because I had already two large estates on hand. I had sometimes as many as 150 men employed on one estate; and if you consider what attention that requires, you will admit I had not much time to spare for attending to anything else.

190. Your hands were full?—Yes.

191. You had sold a portion of Pomahaka Downs prior to the Government purchase?—Yes.

192. How much?—I sold 1,140 acres odd in 1889.

193. By public auction?—Yes.

194. Was that the best of it?—It was the poorest of the land, and lying in the wrong direction.

195. Then it had not a good aspect?—No.

196. What was the price?—£3 12s. 6d. per acre about.

197. It was, until sold, under lease to the Land Company, if lease it could be called?—Yes.

198. Did you give the purchasers immediate possession?—Yes; immediately after sale.

199. What alterations were made in the rent?—It was reduced *pro rata* for the number of acres taken off.

200. Now, if you were always wanting to sell the land, yet you held to it for twenty-five years; tell us how was that?—It was because I asked too much for it, and would not accept the terms of payment in other instances.

201. Can you give the Committee any specific instances of the offers made to you for this land?—I am in an awkward fix for a record of the offers made to me. Every vestige in as well as my house and residence at Waihao Downs, where I had been staying, were burned, and my letters and letter-books embracing this correspondence destroyed. I can give you instances: Mr. Brown, of Messrs. Brown and Rattray (formerly Tolmie's Estate), offered me £4 10s. per acre for Pomahaka Downs, which offer I was advised not to accept, and accordingly refused.

202. *Mr. Scobie Mackenzie.*] When was that?—I cannot exactly give you the date; it must have been somewhere between 1870 and 1880.

203. *Dr. Fitchett.*] Have you not any letters or copies of letters relating to these transactions?—I am coming to that. At another time I refused £28,000 from the same gentlemen; that was lower than the first offer made by Mr. Brown—equal only to about £3 7s. 6d. per acre.

204. Then they made two offers?—Yes.

205. *Mr. Scobie Mackenzie.*] You refused that offer of £28,000?—Yes.

206. For the block?—Yes; £28,000 for the block. My letter of 1st March, 1882, refers to it.

207. *Dr. Fitchett.*] You refused that money, and you verify it by the letter written to your agent at the time?—Yes. [Appendix A8.]

208. Is Mr. Begg, senior, your agent and attorney?—He is my agent and attorney, and has been associated with me in my business for over thirty years.

209. Had you any other offers?—My agent at Clinton had several negotiations, but I always quoted more than his buyers would give; besides, I was not desirous of selling in dribblets. My limit then was £4 per acre.

210. Have you ever had any offer since Mr. Brown's offer was refused?—Not for the whole; only for a part.

211. How much?—Pieces from 1,000 acres to 1,500 acres.

212. What prices were they prepared to pay for it?—£3 an acre.

213. Were you willing to take that?—No.

214. In what year was that?—That was subsequent to the public sale.

215. *Mr. Scobie Mackenzie.*] Subsequent to the sale in 1889?—Yes.

216. You refused £3?—My limit was then £4.

217. Have you any specific offer?—Mr. George Murray, a farmer at Pomahaka Downs, offered £60 per annum rent for 551 acres, equal to 2s. 3d. per acre per annum, and to plough same, and lay it down to grass—this for a seven years' lease.

218. For how much land?—From 500 acres to 600 acres. I would not accept 2s. 3d. My desire was not to tie up the property and prevent my selling.

219. Why would you not accept it?—Because I could have got 3s. for the lot if I gave a fixed long lease.

220. What term did he, Mr. Murray, want?—Seven years.

221. *Mr. Green.*] Was that in writing?—Oh, yes; Mr. Begg submitted the offer to me.

222. You refused to grant a lease of seven years at that rental?—Yes; that is £60 per annum, which is equal to 2s. 3d., and he was to leave it laid down in grass.

223. In what year was that offer made?—In August, 1891. [Letter put in: Appendix A9.]

223A. Can you recall any other offer to lease?—Several people wrote to me. Mr. Chapman was one.

224. How many acres did he want?—He wanted the whole property.

225. For how long?—He wanted to lease and purchase. I would not lease. He wanted to lease with a purchasing clause.

226. That was in 1891?—In 1891. [Letters read: Appendices A10, A11, and A12.]

227. Did you reply to that letter?—Yes, I replied to it.

228. What was your reply to it?—I declined. I had a conversation with him. He indicated he would give me 3s. an acre.

229. *Mr. Scobie Mackenzie*: That was verbal?—

230. *Mr. Green*.] That was in 1891?—In 1891.

231. *Dr. Fitchett*.] He offered you 3s. an acre?—Yes, verbally indicated that, as his idea for a fixed lease.

232. Will you give us any other instance of an offer of sale or lease?—Mr. Tolmie's brother would have given a good rent for it, but his letter was burnt with the rest. He made me an offer, but I cannot say what it was. He also wanted to lease with a purchasing clause.

233. When was that?—Between 1880 and 1890.

234. Have you had any other offer since 1891; since Mr. Chapman's offer?—None, save those made through my Clinton agent, Mr. Turnbull. The balance of this property was sold to Government in 1893.

235. What was the first thing that put the selling to Government into your head?—It was the Land for Settlements Act. I met the Minister of Lands somewhere about the Christmas holidays.

236. What year?—The Bill passed in 1892. It was after the Bill passed. I referred to the Bill. He said to me: "I have nothing to do with it. You will find that there is a Commission appointed for the purpose."

237. *Mr. Scobie Mackenzie*.] When did the Act come into operation?—In October, 1892. He also asked me if I had seen the Act and, if not, said that I should get it.

238. What led up to it with you?—What led up to the offer made subsequently was this: I had the right to draw up to £9,000 from the bank, for which Pomahaka Downs was collateral security; it was at one time £12,000. That is, before I sold a portion, in 1889, I could draw up to £9,000. Money was becoming "tight," and they said they wanted the money.

239. When was this?—It was in the early part of 1893, after the Land for Settlements Bill had passed.

240. You were overdrawn £9,000?—Pomahaka was collateral security for my bank account. I could draw to the extent of £9,000.

241. They said they wanted the money?—Yes. The money-market was becoming "tight," and they preferred a liquid security rather than land.

242. Had that anything to do with the financial trouble in Australia?—It was in consequence of the crisis.

243. *The Chairman*: We are now dealing with what took place at the beginning of 1893.

244. *Mr. Scobie Mackenzie*.] What time after the beginning of the new year was it?—It was in the first part of the new year; they were calling up their advances.

245. *Dr. Fitchett*.] What did you do?—I went to Messrs. Wright, Stephenson, and Co.

246. Who were they?—They were my agents.

247. Were they your financial agents?—Yes.

248. What did you say to them?—I said that the bank wanted their money, and we consulted what was best to do.

249. What was done?—They said to me if you could sell your Pomahaka Downs land, that would make a clean sheet of it.

250. Did you do anything with the bank?—The bank wanted their money. Wright, Stephenson, and Co. wrote to them, or told them they would give a guarantee, or rather, an "indemnity," or pay the amount if wanted before the land was sold.

251. They would give an indemnity; and that you should sell the property—so that to that extent you were acting under pressure?—Yes.

252. Was there anything said about the sale of this land to the Government?—Selling to the Government was mentioned by me during the previous verbal negotiation with the bank.

253. Was that the first time?—Yes.

254. Can you give any idea of the date of that?—It would be pretty well into 1893. It would be about June.

255. Was anything said of the means to be employed for effecting the sale to the Government?—I suggested to practically test the public feeling by a petition, because I had had a good many applications for the land. Messrs. Begg and Turnbull had also had applications. And, if what I suggested were done it would put the matter in a concrete form; and a petition, when put into circulation, would practically test the feeling of the people.

256. Who drew up the petition?—I sketched the petition. Mr. Begg, jun., and also Mr. Turnbull, revised it.

257. *Mr. Green*.] Was it submitted to Wright, Stephenson, and Co.?—I asked them to allow it to be type-written in their office. They had nothing whatever to do with the drafting of the petition.

258. *Dr. Fitchett*.] Was there anything secret about it?—No secrecy whatever. In fact, I desired to make it as public as possible.

259. Are the statements in the petition according to fact?—There is not a single statement in it but what is absolutely true.

260. As a matter of fact, had you much personal knowledge of the quality of the land yourself?

—I had not seen the land for a very long time—for a number of years, until the public sale. Mr. Ritchie had seen it, Mr. Begg had seen it frequently, and my son had seen it, but I had not for many years. When I saw it I was thunderstruck by the changed condition of the land. Messrs. Turnbull, Ritchie, Begg, and others had a high idea of the quality of the land.

261. What did you do when the petition was type-written?—It was sent south, to let the public give their opinion, so that there might be no mistake about it.

262. Did you attempt to get any signatures yourself?—Never; and Mr. Turnbull told me he did not. They all signed voluntarily.

263. You did not attempt to get any signatures?—I did nothing to get signatures.

264. How long was the petition in your hands?—About a fortnight or three weeks getting signatures—and as many weeks drafting and revising.

265. Were all these signatures got within a fortnight?—Yes, as far as I can tell—but it may have taken longer.

266. Do you remember when you got it back?—I think it was about the end of August that the petition was completed.

267. Why did you get it back?—I did not get it back. It was sent by Mr. Turnbull to Mr. Thomas Mackenzie.

268. After sending the petition to Mr. Turnbull, when did you hear anything further in connection with it?—While the petition was down there I made an offer of the property to Mr. Maitland, the Crown Lands Commissioner. The petition was in charge of Mr. Turnbull.

269. How came you to make that offer?—Mr. Ritchie wired to me that Mr. Adams was going to Conical Hills property, and that I had better make the offer; I had got the Act then and saw what I had to do.

270. Had you any previous communication about it?—No.

271. With Mr. Ritchie?—No; except saying that I wanted to sell the land.

272. After making the offer to Mr. Maitland, what next did you do?—I went down to the property.

272A. Why did you go to the property?—I believe I went for this reason: I had no person living there. Mr. Turnbull was my agent, but was often absent, and I was desirous that there should be no hitch about Mr. Adams seeing the land. Besides, I wanted to see the land myself; because, if the Government did not buy, I should have to arrange for selling it in blocks of 1,000 to 2,000 acres.

273. Did you go on to the property with Mr. Adams?—Yes; sufficiently to see it in a general way.

274. Who were there?—There were Messrs. Adams, Turnbull, myself, and the Crown Ranger, Mr. Hughen.

275. How long were you on the property?—Four or five hours.

276. Did Mr. Adams express any opinion as to value?—He said, “I do not see why they sent me to value; I am not a judge of land. I am a surveyor, but I am not a valuer of land. I will take good care, however, that they will not be able to do with me as they did with the Cheviot valuers, for I will put it down at the very lowest valuation for rating.”

277. What did he mean by “they”?—The public, he said, had been making an outcry about what they called “the Cheviot swindle”; but that he would put Pomahaka Downs in at the lowest rated value, and so positively prevent reflection upon himself *re* Pomahaka Downs.

278. Do you know what he did next?—He reported to the department, I believe; but cannot speak from my own knowledge.

279. I want to know what you did?—I waited, expecting an answer from the Government.

280. What did you do while you were waiting?—When my patience was exhausted, I asked Mr. Ritchie how long they were likely to be over this confounded business, because I did not know to whom to apply to for payment. I had a big business to attend to; I wanted my financial arrangements complete.

281. When did you first hear from Government?—The first I heard was from Mr. Percy Smith. He made me a *bonâ fide* offer of 50s. an acre.

282. What was the date of that offer?—The 25th of September, I think it was. (L, *supra*.)

283. What did you do?—I did not accept it.

284. Did you reply?—Yes, I did, a few days afterwards.

285. I want to get the date of your reply?—It was the 27th of September, by telegram, offering to split the difference and make the price £3 an acre. (M, *supra*.)

286. When did you hear next?—The 2nd of October.

287. Then you got the telegram from Mr. Percy Smith, stating that your telegram had been considered, and that the Board could make no advance on the offer made by them. What did you do then?—I wrote a letter to him, reluctantly accepting his offer of £2 10s. per acre. (P, *supra*.)

288. That was on the 3rd of October?—Yes.

289. And on the same day?—I wired that I had written. (O, *supra*.)

290. Between the time of your getting the proposal from the Government and your acceptance of it, what did you do?—Mr. Ritchie had a better knowledge of the land than I had; I asked him what he thought was the real honest price for the land; he telegraphed saying from £3 to £3 10s. in present circumstances.

291. What else did you do?—Before writing my acceptance, Mr. Ritchie had said that the Board would not, he thought, advance, and it might be better perhaps to accept their offer.

292. Did you confer with any one about the expediency of accepting the offer?—Yes; I saw Messrs. Wright, Stephenson, and Co.; they advised me to “let them have it, as it would put your finances easy.”

293. You had consulted Messrs. Wright, Stephenson, and Co.?—Yes; and I believe I consulted Mr. Grierson, of the Union Bank, who advised me to the same effect.

294. Then you did not hurry to accept?—No, I did not; my belief in its value being £3 10s., based upon the price £3 12s. 6d. obtained by public sale, made me most reluctant to accept the Government's offer of £2 10s.

295. You took counsel?—I did.

296. And then you accepted?—Yes.

297. And then the matter was completed in the ordinary way?—Yes.

298. Had you any communication with the Minister during these negotiations?—No.

299. Directly or indirectly?—No.

300. You have spoken of an interview with him when the Land for Settlements Act came into force?—The next was during the election row. My recollection is not very distinct, although I imagine, if I met him at Palmerston after the meeting of Assembly, I would naturally ask why they were not paying for my land. Am not certain of this.

301. How did he communicate with you, or you with him, at election time?—He was at Shag Point, and his secretary sent me a query, in effect, "What is the meaning of Mr. Scobie Mackenzie's insinuations; give me the whole history?"

302. *Mr. Scobie Mackenzie.*] What is the date of that?—It would be about the election time.

303. *The Chairman.*] But after the completion of the purchase?—Yes, after the payment.

304. Was it from the Minister's secretary you got this?—Yes; in a few words.

305. And you replied on the 13th of November?—Yes, and on the 16th. [Letters handed in: Appendices A13 and A14.]

306. *Dr. Fitchett.*] Had you any other communication with the Minister?—That is the lot.

307. Did you have any communication with Mr. Thomas Mackenzie?—I wrote to Mr. Thomas Mackenzie, and he said courteously that he would do what he could with the petition.

FRIDAY, 14TH SEPTEMBER, 1894.

Before Mr. Douglas was recalled, and before his examination was resumed, Mr. A. Barron, Under-Secretary of Crown Lands, was recalled and further cross-examined by Mr. Scobie Mackenzie, at his request.

1. *Mr. Scobie Mackenzie.*] At the commencement of this inquiry, certain papers selected from the file relating to the Pomahaka lands were laid on the table by Dr. Fitchett; such as he thought necessary for these proceedings?—I am not aware of it.

2. Not aware of any papers having been laid on the table?—No.

3. Did Dr. Fitchett take them from the file without the knowledge of Mr. Barron?

Dr. Fitchett: The whole file is lying here and I took from it the papers I put in evidence.

4. *Mr. Scobie Mackenzie* (to witness).] Did he get the file?—Yes.

5. The whole file?—Yes.

6. Are you aware that on the first examination Dr. Fitchett used part of the file?—I am not aware of it.

7. Did the Chairman request you to send the whole file up?—Yes.

8. Did you send it?—I gave it to Dr. Fitchett.

9. On your oath, do you say you sent the whole of the papers?—Yes.

10. I am speaking of the file connected with the Pomahaka purchase?—Yes.

11. Two days ago I asked the Chairman that the file might come up yesterday; did you send the entire file up?—I sent up the remainder of the file.

12. The remainder?—Yes; other than what Dr. Fitchett had already used.

13. How is it that the telegram which came out in the evidence yesterday, in which Mr. Ritchie urged the payment of the purchase-money as soon as possible—I want to know how it is that that document is not on the file?—I cannot say. Is it not there? Dr. Fitchett, can you enlighten us on this?

Dr. Fitchett: I cannot.

14. (To witness).] How is it that when you have been asked for the entire file the entire file is not here? It came out in evidence yesterday that Mr. Ritchie sent you a telegram, as head of the department, asking that the money should be paid to Mr. Douglas at once, because he required it; that telegram is not among the papers. I want you to say how it is that the order of the Committee should be disobeyed?

15. *Dr. Fitchett:* I am looking to see if it is in the abstract; I do not see it in the abstract?—It may have been attached to the voucher and sent on to the Treasury, with the request that payment should be expedited.

16. *Mr. Scobie Mackenzie* (to witness).] Was it sent to you?—I do not recollect.

17. Would you swear that it is on that file?—No; I would not.

18. *Dr. Fitchett.*] Will you tell us what is the practice of the department in respect to keeping the files of papers?—Letters are received by me; they are sent to the Chief Clerk, who distributes them to the Record Clerks.

19. Who are the Record Clerks?—The clerks who record the transaction in the same manner as is here shown; they make a *précis* of each letter or telegram. It is quite likely that this telegram referred to was received and handed to the Accountant, taken to the Treasury, and left there.

20. *The Chairman.*] Would it be considered by the department?—Yes, it would be considered.

21. *Mr. Green.*] Are unimportant documents put on the file?—Trifling documents having no importance would not. The documents, if kept, should be in the department now. No doubt, unless accidentally destroyed, it would be. It might, however, be handed to the Accountant to look after the vouchers, and left in the Treasury.

22. Would it be attached to a voucher kept in the department?—Very likely.

23. What is the practice?—A trifling request that money should be expedited is often of no consequence, and might not be kept.

24. Has any officer the power to say whether any document should be destroyed?—Yes. The question has more than one meaning. It is impossible to give a simple "Yes" or "No" to that question. There are so many trifling documents come into a Government office which are never considered to have any value; and, there being no object served by recording them, they are cast aside.

25. Without reference to whether they are important or not?—In the ordinary sense, to that question the answer would be "No"; in its application to trifling documents which would be considered of no importance or value, the answer would be "Yes."

26. In your department, do you determine what is an important document?—There is no such determination.

27. Then, is it a question of haphazard whether documents are kept or destroyed?—By no means.

28. Tell me who does determine?—It is impossible to define what are documents which ought to be kept, or which ought not to be kept. Any one can understand that a mere scrap from one department to another, or from one record-clerk to another, would not be kept. A mere telegram from a man in the country, asking why his money was not sent on, or when it was to be sent, would hardly be considered an important document.

29. Do you say that when letters or telegrams are received they are not all kept as records?—That is true in a certain sense.

30. It is either true or false. Are they all kept, or are they not all kept?—I have already said that trifling telegrams or minutes are not kept as a rule.

31. Do the officers of the department determine what is important and what is not?—It is impossible to answer. I have said "Yes," but I qualified my answer to your question.

32. You said "scraps." I did not refer to scraps?—I cannot determine what your questions refer to.

33. I am referring to letters and telegrams received in your department?—All letters and telegrams are, as a rule, kept. Trifling letters and telegrams that are of no importance are not kept; they disappear.

34. In this case, did you receive any letters or telegrams which you did not consider of sufficient importance?—I am not aware of any that were not kept.

35. Is it possible that any were received and not kept?—Anything is possible.

36. In this case?—I did not say so.

37. But some are destroyed?—In the same way that other trifling things are destroyed; they are not kept.

38. In similar cases?—In hundreds of other cases.

38A. Of no greater importance than this?—Yes.

39. *Mr. Mills.*] Had Mr. Ritchie any official capacity in sending you that telegram?—No; it was from Mr. Ritchie as a private individual.

40. Would his communication be treated just in the same way as if it were a request for payment coming in the ordinary way from an outside person?—Yes.

41. And had no more effect?—No more effect.

42. *Mr. Mackintosh.*] Mr. Ritchie had no status in the matter at all?—No, none, except as the friend of Mr. Douglas.

43. *Dr. Fitchett.*] You produce, Mr. Barron, in response to the request of the Committee, the file of papers and abstract?—Yes; that is a copy of the record-book.

44. And this is a book in which papers are entered as they come in?—Yes.

45. It is supposed to be exhaustive of every paper received?—All important papers; there are many papers that are not recorded.

46. Are there on the file papers that are not on the record?—I have no doubt there are, but a few papers come in in such a way that they are not recorded.

47. *Mr. Hall.*] Did you look on Mr. Ritchie as Mr. Douglas's agent?—No.

48. Would you think any telegram a proper one to be recorded?—It was merely a request that a cheque should be sent: in ordinary cases it would be simply handed to the Accountant to look after the voucher; being merely a request for money to be sent, it would be treated in that way.

49. *Mr. Duncan.*] Suppose Mr. Douglas sent himself, urging the payment, would not that be considered of sufficient importance to have it put on the file?—I do not think it would be recorded; it would be sent to the Accountant, and would be taken by the Accountant to the Treasury, and might be kept there.

50. *Mr. Scobie Mackenzie.*] Did you receive telegrams from any other quarter urging the payment of the money?—I think there is some memorandum from the Minister, to the effect that the money should be sent as quickly or as soon as possible.

51. You say that papers asking for money, or anything of that sort, might not be kept, as being considered unimportant?—Yes.

52. Are there no papers of less importance than that?—Quite likely.

53. *Dr. Fitchett.*] Would the Chairman be good enough to ask, for me, what constitutes the file? Is it papers kept according to the record?—Yes; papers kept according to the record.

54. Are all the papers in the record there?—All that are mentioned in the record are there or they have been left on the table.

55. *Mr. Scobie Mackenzie.*] I would ask some explanation why it was not sent?—If it is not there now it was probably never there.

56. Will you swear that?—It is impossible for me to swear that.

57. Is not the record-book made up by the clerk from time to time?—Yes.

58. If it was ever on the file it would be there now?—Yes.

59. *Mr. Scobie Mackenzie.*] Do you produce the Conical Hills reports?—Yes.

60. There is a document in pencil—a mere “scrap”—saying that the Conical Hills should be taken in preference to Pomahaka. I want that paper, wherever it is.

The Chairman: There is no name to it.

Mr. Scobie Mackenzie: But it is a very important document. [Extract read: “That the property offered by Mr. John Douglas appears to be suitable for farms of from 200 acres and upwards; the land is of good quality, and the position such that it would all be selected if offered to the public. There appears to be a demand for such land in that part of Otago. The Board recommends the Governor to purchase this land at the price of £2 10s. an acre. In the event of its being necessary to make a choice between this property and that offered by Mr. Shennan, the Board recommends that the latter should have preference.”]

Mr. JOHN DOUGLAS, recalled and cross-examined by Mr. Scobie Mackenzie.

61. *Mr. Scobie Mackenzie.*] Had you any communication with the Minister after the purchase?—Yes; his Secretary sent me a telegram.

62. Was that anything connected with the payment of the money?—No.

63. Do you recollect anything about the payment of the purchase-money?—No; further than they were most dilatory, and I was annoyed at their delay in settling.

64. I understood you to say that you went with Mr. Adams to the estate when he went over it?—I went to the estate when Mr. Adams went to the Conical Hills. I went with him, and the others I have mentioned, over the estate.

65. Had you any conversation then about the land?—While waiting at the hotel for Mr. Adams's arrival from Conical Hills, Mr. Ward's buyer told me that he knew the property thoroughly, and that if offered in blocks of 2,000 acres he would be a buyer at a good price, terms favourable. His father, a settler, subsequently confirmed this—indicated £3 to £4. They did not altogether like the idea of the Government buying, because they feared that the Government could not sell in sufficiently large sections, and they did not believe that if purchased by the Government the Act would admit of large-sized sections. Mr. Turnbull also mentioned that McCallum, Mr. Logan's manager, and his family, indicated they would take up a similar block.

66. Did Mr. Ward's buyer mention price?—There was no decided offer, only an indication. I was not then in a position to treat, the property being then under offer to Government.

67. Did any one else speak to you about it?—There were a large number inquiring about the land, but being in treaty with Government I could neither make nor ask fixed offers. I was afraid, from the position I was in, to quote a price. I had to be very cautious of what I was about. I was waiting for Mr. Adams to come. I was seeking information, not giving it.

68. *Dr. Fitchett.*] You remember the correspondence in the newspapers?—Yes.

69. Do you remember Mr. Scobie Mackenzie's speech?—Yes, I remember it well.

70. How was it construed in Otago?—It was viewed as unearthing a fraud. Mr. Green referred to it in his hustings speech, and accepted Mr. Scobie Mackenzie's accusations as facts, and so condemned my sale to the Government.

71. Did you think Mr. Scobie Mackenzie's speech was a reflection upon you?—Most decidedly it was.

72. Upon both the Hon. John McKenzie, the Minister of Lands, and yourself?—Yes, and valuers and all concerned, for the matter of that.

73. How?—In effect the speech implied that I had been guilty of misrepresentation; suppressing necessary information, and palming off upon the Government at £2 10s. per acre a property worth only 10s. per acre. These assertions he based upon assertions given as facts, but not borne out.

74. Then you wrote a letter to the papers?—Yes, I wrote a letter to the papers in reply, asking Mr. Scobie Mackenzie's proof of these assertions.

75. *Mr. Thomas Mackenzie.*] Would Mr. McCallum, do you think, be a good judge of land?—He ought to be a good judge, for he had lived there so long; he had expressed to Mr. Turnbull that he and his family would take 2,000 acres on certain terms.

76. *Mr. Scobie Mackenzie.*] If he had made an offer for the land, do you not think that would be an indication of what he thought was the value of the land?—It would indicate what he thought; not what I thought.

77. *Mr. Thomas Mackenzie.*] A man who managed a farm for twenty years, do you not think he would be a judge of the value that of land?—A man's idea might be exaggerated for or against, living in the one place for thirty years; living in the same place for a long time, working for another man, he would know the boundaries of the land and a good deal about it, but it does not follow that he would take a business view as regards value; he would take the local view; but a man like yourself, Mr. Mackenzie, moving about the country and communicating with friends and others would be far more likely to estimate the proper value. I had never seen this land for many years until the sale in 1889. A man knowing the value of several properties would have a basis of value to act upon; we know also that a great many changes take place; a man merely living on a farm would know very little of this.

78. You would not like Mr. McCallum's valuation to be given?—I have no objection to his valuation being given, but I am not bound by his valuation. His valuation before and his valuation after Mr. Logan's 30,000 acres in that district had been placed on the market for absolute sale may be very different, and are, I have no doubt.

79. Do you know what price the Government obtained at the district sales?—I myself, many years ago, paid for one part of the same sort of land, part of the adjoining property, £4 an acre; but as I have said, that was a good many years ago. It was part of the Clydevale Estate which joins Pomahaka Downs, and divided off by a wire fence.

80. Do you know what price was paid to the Government at their sale in the olden time?—The land round about was sold at from £1 an acre up to £4. I knew a man who said he had paid as much as £3 an acre.

81. *The Chairman.*] That would be very many years ago?—Yes.

82. *Mr. Scobie Mackenzie.*] You were the owner of this Pomahaka land when it was sold to the Government?—Yes.

83. And you had been owner for a great number of years?—Yes.

84. When did you buy it?—In 1869 or 1870.

85. You bought at auction?—Yes.

86. What did you pay for it?—I got it at a gift—10s. an acre, and under very peculiar circumstances, which I could relate. Sir Julius Vogel rushed a lot of land into the market.

87. And it has remained unimproved ever since, with the exception of this fence you speak of?—Yes; but it has been burnt and grazed.

88. It has not been grazed by you?—By my tenants.

89. But you have done nothing to it since 1869?—I have done nothing to it, save fencing, burning, and grazing as already stated.

90. I understood you to say yesterday that you did not improve it because you had your hands full?—Because I had other properties to improve. Yes, I said that; I had the Waihao Downs and Mount Royal in hand; also another property at Hampden, since sold. I could not devote my attention to cultivating Pomahaka Downs.

91. When did you purchase the Waihao Downs?—Twelve or thirteen years ago.

92. Then you held Pomahaka twelve or fourteen years before you purchased Waihao Downs?—Somewhere about that.

93. Why did you not utilise Pomahaka before you purchased Waihao Downs?—I had Mount Royal in hand. I could not do two things at the same time; and cultivation, which required close attention, was necessary to make the best return from Pomahaka Downs.

94. You say that prior to the purchase of Waihao you did not cultivate Pomahaka because you were improving other properties?—I was improving Mount Royal.

95. When did you acquire Mount Royal, before or after?—I had Mount Royal more than twenty-five years ago. There are seven properties in Mount Royal, all different purchases made at different periods.

96. Will you be good enough to tell me when you purchased Mount Royal?—The first property I bought was Mr. John Jones's Maori claim. This must be twenty-eight years ago.

97. When did you purchase Mr. Nelson's?—That was only a small bit of property; there is only 1,500 acres or so from Mr. Nelson; that was in the "sixties" some time. Mr. Nelson was my tenant.

98. When did you buy the block?—It was first a Maori claim from Mr. Jones; it is twenty-eight years ago; then I bought 1,000 acres from Mr. Fullerton; 4,000 acres from Mr. Jones's trustees, and several other blocks, subsequent to that.

99. Did you buy the great bulk of Mount Royal subsequently to the purchase of Pomahaka?—It would be about the same time; I had commenced to purchase the estate before.

100. Is the great bulk of Mount Royal fit for agriculture?—The great bulk of it is pastoral land, but there is a quantity of agricultural land on it.

101. Is it improved?—I have laid out £30,000 in improving it; it is one of the finest improved properties in the colony. It was my residence.

102. But you say the great bulk of it is pastoral property?—Yes, the great bulk is pastoral property, yet as a whole greatly improved by cultivation, draining swamps, clearing, surface-sowing, subdividing, &c.

103. What is the assessed value of Mount Royal?—I cannot tell you, because it is in two counties.

104. Is it more than £1, with all the improvements?—Yes, more than double. I have been offered £100,000 for it, including stock.

105. There are plantations and homestead, and everything else required?—Yes.

106. Is it inferior to Pomahaka?—It is inferior, acre for acre. There is some better land on Mount Royal, limestone land; but not so uniform in quality as Pomahaka. I preferred Mount Royal as a residence, being thirty-four miles from Dunedin, with every convenience; Great North Road alongside my homestead, almost; within ten minutes' drive of Palmerston, with telegraph and other conveniences. It was the centre of my other estates.

107. This was to be the centre of your operations?—In addition to which it was convenient for Dunedin, Oamaru, and the country round about. Four mail coaches a day passed and repassed my gate before the railway started.

108. But, anyhow, you preferred to cultivate Mount Royal?—I had my residence there, and it was come-at-able, while Pomahaka at the time in question was very inaccessible.

109. In spite of the fact that Pomahaka was superior land?—Yes, for a residence Mount Royal was preferable.

110. Two shillings per annum and taxes was the highest rent paid?—Yes; I have already given a full statement of the different rents paid, and for the different periods.

111. Some of these were the rents during what has been called the land boom in Otago, from 1871 to 1879?—Yes.

112. After that you let it to the New Zealand and Australian Land Company?—Yes.

113. And the rent from that period, which was the highest, from the Land Company?—Is 1s. 6d.; the land was unfenced then.

114. Commencing at 1s. 6d. in August, 1878, it ranged down to 9d. at the period when you sold the land?—Yes.

115. With one interval at 6d.?—Yes.

Then the record has been from 1878 to the present time progressing downwards—

116. *Mr. Green.*] Why did you not take 3s.?—Because I would not fix myself so as to prevent selling.

117. *Mr. Scobie Mackenzie.*] But the rent shows a downward progress?—There are two reasons for this: I had no buildings or yards on the property, so I could not let this land to any one but one of my neighbours, and I accepted the highest I could get from them. But rent was not my object; my chief object being to sell the land I always refused to give a fixed lease. I knew my tenants were taking advantage of the position of the property, being minus buildings and yards, and fencing for subdivisions.

118. There is the interval of 6d. per acre?—Yes.

119. Why did you accept 6d. per acre?—I accepted 6d. an acre because the land was not fenced, so could not let to an outsider. I had rather take something nominal until the land was fenced.

120. Your evidence yesterday went to show that you accepted 6d. an acre because the Land Company would not take it until it was fenced. And during the time it was being fenced you accepted 6d. an acre?—Yes.

121. The company would have thrown up the land if it had not been fenced?—Yes, if I had not fenced it.

122. Was it worth your while to go to the cost of fencing that land in order to continue a tenant at 9d. an acre?—It was worth my while putting a ring-fence round the property. I have in my evidence said again and again that rent was not my object, but rather to sell, and nothing was more calculated to aid a sale than having the estate thoroughly ring-fenced. It was necessary to fence, because the company were commencing cultivation alongside my boundary.

123. About this matter of fencing, you wrote a letter to the newspapers on the 14th November, 1893, in the following words: [Extract read.] Did you write that letter?—I wrote that letter.

124. The letter shows that the company were about to throw up the land unless you fenced it; that you did fence it; that they were giving you 6d. an acre while it was unfenced, and then they gave you 9d. an acre because you fenced it. Is it not then the fact that it was worth your while to go to the cost of fencing in order to retain the tenant?—It was not my object to have a tenant, but to sell the land.

125. Then you accepted this low rent in order that you might be ready at any time to sell?—Most decidedly; every one in the country knows it.

126. You had to give three months' notice?—Yes. I did not give it; but had the company stood on their rights they could have made me do it.

127. Could you have resumed the land at once?—Not without giving notice.

128. Was three months the period?—I think it was.

129. You will not swear to it?—I think it was.

130. Did you call at the office of the lessee in connection with the lease when the land was about to be sold?—I told them I was about to sell, and they did not object.

131. Did you ask them, in the event of a sale to the Government, that they would admit you to resume?—Very likely. I could not have resumed without giving notice. I would have had to wait several weeks if I did not come to some arrangement with them.

132. You could not resume until the end of the year?—I am sure there was a notice. I think it was three months.

133. If the tenants say they could have it to the end of the year by the lease, would you be prepared to contradict them in that?—I would say the rent was per annum, but I had to give three months' notice before resuming.

TUESDAY, 18TH SEPTEMBER, 1894.

JAMES ARMOUR JOHNSTONE examined.

1. *Dr. Fitchett.*] You are a member of the firm of Wright, Stephenson, and Co., of Dunedin?—I am.

2. It has been suggested to the Committee that you, as a member of that firm, can give some information with regard to the Pomahaka purchase by the Government. Would you be good enough to tell the Committee what you know about that; tell the Committee your connection with that matter. But, in the first place, I would ask you what was your relation to Mr. Douglas?—We are Mr. Douglas's agents.

3. When was Pomahaka first mentioned to you by Mr. Douglas, or by any one else?—I think it was in the month of July, 1893.

4. In what connection was it mentioned; was it in the way of finance?—Yes.

5. I do not want you to go needlessly into Mr. Douglas's or your own affairs, but as far as relates to the sale of this property to the Government. Had you any interest in Pomahaka yourselves?—None whatever at that period.

6. Had you not a second mortgage on it?—Yes, but only as collateral security.

7. *Sir Robert Stout.*] Was the mortgage registered?—Yes.

8. *Dr. Fitchett.*] Was there any other encumbrance?—There was a first mortgage to the Union Bank.

9. How did the question of the purchase of this property arise in connection with Mr. Douglas's finance?—He applied to us to pay off the Union Bank, as they were pressing him.

10. Did you do so?—After some negotiation we did so.

11. Were you satisfied with your security?—Yes.

12. Then what was said between you and Mr. Douglas about the sale of Pomahaka?—He consulted us, after receiving the Government's offer.

13. Had you no conversation with him before then?—We had nothing to do with the dealing with the Government. I have no recollection of any special conversation in regard to his negotiation with the Government.

14. Do you remember anything about a petition?—Yes.

15. Tell us what you know about that in connection with your firm?—Mr. Douglas had prepared a petition, which he asked us to allow our type-writer to print for him, and we did so at his request. This petition, I might say, I never read until I was coming up in the steamer on Saturday.

16. Why was it sent to you to have that done?—He knew, probably, that we had a type-writing machine, and he simply asked us on that account to allow our type-writer to print it.

17. Did you know then that he proposed to sell to the Government?—Yes.

18. When would that be?—In August or July.

19. *Mr. Scobie Mackenzie.*] What; when he wished the petition to be type-written?—The request is in Mr. Douglas's letter of the 29th July. [Letter put in and read: Appendix A15.]

20. The petition was type-written and sent to Mr. Turnbull?—That is so. [Copy of memorandum to Mr. Turnbull read: Appendix A16.]

21. After that, what happened, so far as you know, in connection with this matter?—The next stage, so far as I remember, is Mr. Douglas consulting us in regard to the offer which the Government had made.

22. What advice did you give him?—We strongly urged him to accept the Government's offer.

23. Why did you do so?—We knew, as a matter of fact, that it would be better for us to get our money promptly than to have the property cut up in detail.

24. You are not bankers?—We are not bankers. We had arranged that that property was to be dealt with otherwise, failing a sale to the Government by the 29th of October.

25. Was Mr. Douglas anxious to take the Government's offer?—No, he maintained that the property was of much higher value.

26. What is your opinion as to the full value of the land?

27. *An Hon. Member.*] Did you ever see it?—No, I never saw it.

28. *Dr. Fitchett.*] What is your opinion as to the Government price?—It was, we thought, a fair offer, taking all things into consideration; besides, it was a cash offer, which was an important consideration.

29. Did you consider it an excessive offer?—No, we did not.

30. Suppose it had been cut up into sections, and sold by Mr. Douglas, would you get the cash?—No, we would not have got the cash.

31. The terms, then, would not have been cash?—No.

32. You say you wanted cash?—Yes, we wanted cash. The advance we had made to Mr. Douglas was only a temporary one.

33. So you advised him to accept the offer?—Yes.

34. Then, after that?—We learnt subsequently from Mr. Douglas that he had accepted the offer of the Government.

35. Had you anything further to do with this except receiving the money?—No.

36. Nothing?—We had asked Mr. Douglas once or twice when we were likely to get settlement.

37. With a view to get him to hasten it, I suppose?—Yes.

38. When was the sale made?—We have no record when the sale was made.

39. Did you bring any influence to bear on any one to induce the Government to purchase?—None whatever.

40. Were you in communication with the Minister?—No.

41. Or with the department?—No.

42. Directly or indirectly?—No.

43. Did your firm receive a consideration for the sale?—Yes.

44. From whom?—From Mr. Douglas; we would not have advanced the money without. That was our consideration for the advance.

45. *Sir Robert Stout.*] You have the agreement there?—Yes. Failing the sale to the Government we were to proceed to cut up the property, as provided in the agreement.

46. What is the date of the agreement?—29th August. [Agreement read: Appendix A17.]

47. Well, that formal document was the result of previous negotiations?—Yes; we had to put these into business-like shape.

48. So that what he was to pay you was not for your exertions with the Government, but only for the advance you made him?—For the advance.

49. You did nothing to promote this sale?—Nothing whatever.

50. *Dr. Fitchett.*] You are familiar, I suppose, with the correspondence which appeared in the Otago papers on this subject?—I read most of it.

51. What conclusion did you draw from what you read in the papers about the Minister of Lands?—That it implied that he had been "got at" in some way.

52. Did you infer that it was implied that he had been guilty of a job himself?—I did; that the whole thing was a dishonest transaction.

53. To which he was a party?—Yes.

54. That was the general impression in Otago, as far as you could judge?—Pretty general, I should say.

55. *Mr. Scobie Mackenzie.*] Are the papers relating to your connection with these transactions

in the hands of the Chairman?—We have no correspondence relating to the purchase by the Government.

56. And your letter-books?—We have had no correspondence whatever about this in any shape or form.

57. You have stated that you were the agents for Mr. Douglas?—Yes.

58. Had you any other business connection with him in regard to this property. You say you had a second mortgage?—Yes; which subsequently became a first mortgage through our paying off the Union Bank of Australia's mortgage.

59. Anything else?—We had a mortgage over stock running on Waihao Downs Estate.

60. *Sir Robert Stout.*] It was a mortgage over other property?—Yes; over the stock.

61. *Mr. Scobie Mackenzie.*] But you took the first mortgage over?—I have already explained this.

62. When was the money paid by you?—The money was actually paid on the 19th October.

63. When did Mr. Douglas receive notice from the bank to pay up within fourteen days?

Sir Robert Stout: That is in the letter of the 29th July.

64. *Mr. Scobie Mackenzie.*] Had you been asked by the bank to take up this mortgage previously to the date when you did it?—We were never asked by the bank to do so. It was Mr. Douglas that asked us, because the bank was pressing him.

65. Did you give a guarantee to the bank?—We did.

66. What was the date on which you gave the guarantee to the bank?—I have already answered in the affirmative, that we had given a guarantee which they called up. As to the date when it was given to the bank, I cannot say whether it was a week or two before. I cannot tell you from memory. We have no document of any kind. I know it was almost immediately after the guarantee was given they called it up.

67. *Sir Robert Stout.*] The guarantee would not be given until after this agreement was executed?—The guarantee was given before.

68. If you gave a guarantee it must have been given by you after you received Mr. Douglas's letter of the 29th?—I think Mr. Wright said we would be responsible. I never heard of a written agreement.

69. *Mr. Scobie Mackenzie.*] That is a very important document?—There was no document at all.

70. It is in your books?—There was no book. When they saw the second mortgage was registered they proceeded to call up the first.

71. Did the bank previous to the 29th July ask for a guarantee?—I believe they did ask Mr. Douglas for a guarantee; but I could not tell you what passed between the bank and Mr. Douglas. They may have asked him to procure a guarantee.

72. Were you asked to give a guarantee previous to the day on which you did give it?—I am not aware.

73. Did your firm in the first instance refuse to give a guarantee for £9,000?—I think Mr. Wright said he was unwilling to give it.

74. Why?—Because we do not lend on land. We are not bankers.

75. Are there no circumstances under which you do lend?—There are, but they are rare.

76. However, you refused in the first instance?—I think we told Mr. Douglas to try elsewhere; that we had rather not.

77. Did you make any other offer in lieu of that—any later offer? Did you offer to guarantee interest and not principal?—I think it is all in the correspondence. Read the correspondence before you try to trip me up; it is all there.

78. You say you were unwilling to do it because you did not lend on land. Did a member of your firm endeavour to get any other institution in Dunedin to take up the mortgage when you refused?—We had a preliminary conversation with a loan institution about lending on the land.

79. Name it?—The Dunedin Savings-bank.

80. Did you ask any other institution?—Not to my knowledge.

81. Did you ask Messrs. Murray, Roberts?—Not to my knowledge.

82. Have you any knowledge that Mr. Wright did so?—No.

83. Did you ask the Loan and Mercantile Agency Company?—No.

84. Did Mr. Wright?—No.

85. Did you ask the National Mortgage Company?—No.

86. Did Mr. Wright?—No.

87. But, you did ask the Dunedin Savings-bank?—Yes. I am morally certain that he had no conversation with any other firm or I should have heard of it.

88. What did Mr. Wright say to the Dunedin Savings-bank?—I know that the thing never went further than the mere preliminary stage; there was never application made for it.

89. With what object did he go to the Savings-bank?—It was to allow time to get the arrangement carried through. An arrangement would be made as between Messrs. Wright, Stephenson, and Co., and not as between Mr. John Douglas.

90. What did you want the Savings-bank to do?—We wanted them to lend the money temporarily, pending a sale; then, if the sale were not made, the arrangement might be made permanent. Mr. Douglas was very unwilling to sell. We would only make an advance conditionally upon his agreeing to sell the land.

91. In other words, you were unwilling to lend the money yourselves, and you made an application to the Savings-bank?—We did not go the length of making an application; we did not make any application: the manager said he would recommend a loan, but that he knew two or three were on the Board who would not approve of the transaction.

92. *Dr Fitchett.*] It was not by a formal mortgage, but as a temporary advance?—Yes.

93. *Mr. Scobie Mackenzie.*] If you were prepared to give a guarantee later, why should you go to the Savings-bank to get the money?—We thought we would make better terms with the Savings-bank than with our own bankers. It would be about 6 per cent. there, instead of 7½ per cent.

94. Were you not interested in this mortgage security in the event of the first mortgagee selling?—We had other security.

95. What was the security?—We had a stock mortgage, and took the second mortgage on the land in order to secure ourselves against contingencies.

96. You were interested in the first mortgage. Why did you think it necessary to secure against contingencies?—As business men, we strengthened our securities.

97. You say that you had no correspondence with the department of any kind?—No.

98. Nor with the Hon. Mr. McKenzie?—No.

99. Nor with Mr. Ritchie?—None whatever.

100. Was there any communication on the part of Mr. Ritchie with you or your firm?—Mr. Ritchie was to have seen Mr. Tolhurst, of the Union Bank, with regard to allowing this mortgage to remain. Mr. Douglas advised us to the effect that Mr. Ritchie had seen Mr. Tolhurst, who was willing to allow the matter to stand over.

101. Was that telegram sent to your firm or to Mr. Douglas?—To Mr. Douglas; it was received in that note.

102. Was it ever in your possession?—It never was.

103. Did you know the contents?—The purport of it was that Mr. Tolhurst was agreeable to allow the mortgage to stand over. We expected to get advice from the Union Bank that they had agreed to do so, but when we applied to Mr. Grierson he said he had no information from the head office.

104. Could you not give us the terms of it?—It was something like this, "Have arranged with the bank here"; but it should have been, "Have you arranged with the bank"; the word "you" was left out in transmission. In fact, Mr. Ritchie had not done anything; the omission of the word "you" altered the meaning intended.

105. Then did you never get a telegram from Mr. Ritchie to the effect that he had fixed the thing up in Wellington?—Never.

106. What was the date when this telegram came?—I have no recollection.

107. After that telegram was received you went to the bank; was that the occasion when you gave the guarantee?—I suppose it would be about that time.

108. The petition was sent to you to be type-written. Who sent it?—Mr. Douglas; his letter is there itself.

109. Is this the letter enclosing the petition?—Yes (29th July).

110. It was after the petition was down in the district that it had been type-written?—Yes, so it would appear from that.

111. He asks you to type-write this, and to send it on to Mr. Turnbull; he must have sent the draft from Mount Royal. Had it not been in the district before?—Yes; for Mr. Douglas's letter says that Mr. Turnbull had returned the petition.

112. Was the first draft sent to you to be type-written?—No. That was the first intimation we had of it.

113. So you had it type-written?—Yes.

114. And when you had it type-written?—We sent two copies to Mr. Turnbull, as requested in Mr. Douglas's letter.

115. And you sent a letter of instructions with the copies?—No instructions were given. As requested by Mr. Douglas, we merely sent the copies.

116. You sent no communication to Mr. Turnbull about it?—That was the only correspondence we had with Mr. Turnbull at any time.

117. Did he report to you?—He never corresponded with us in any way. We have no personal acquaintance with the gentleman.

118. Had you no hand in the petition at all, with the exception of the type-writing?—None whatever.

119. Were you the auctioneers who sold the Popotunoa property?—Yes.

120. That sale occurred, I understand, since the sale of Mr. Douglas's land to the Government?—Yes.

121. This is an advertisement of yours giving a description of the property; so far as you know, is it tolerably correct?—Yes; I believe so.

122. You know the Popotunoa property?—Yes.

123. And the Waipahi, 10,147 acres; they were both managed as one estate?—Yes.

124. Was this estate cultivated?—The whole of Popotunoa was cultivated, with the exception of about 400 acres.

125. That property has been sold since. Can you give us any idea of the price?—Yes, it was sold in sections at an average of about £3 8s. 6d. per acre. There were large sections, and buyers had the option of buying adjoining sections in many instances.

126. Does the railway run through the Popotunoa?—Yes.

127. And the Main South Road?—Yes.

128. Are there roads in other directions?—Yes; I think there is a road round by the back of Popotunoa.

129. It is an old settled estate?—Yes; it is probably one of the best located in Otago for economical working.

130. There is a good house on it?—A splendid house; quite a new house, which cost, I believe, about £1,800 to put up.

131. That was sold with the property?—Yes.

132. What was the average price for the 10,000 acres?—I do not know; it is easy to work it out in figures. The average, I believe, for Popotunoa, was £3 8s. 6d.

133. Do you consider these fair average prices: £2 15s. to £3 for Popotunoa; £2 2s. 6d. for Waipahi; and £2 15s. over the whole area? Do you consider these prices fair?—Yes.

134. You were satisfied with them?—Yes; and the trustees also were satisfied.

135. Do you know the value of land in Otago generally?—Yes, I have a pretty fair idea.

136. And the settlers of Pomahaka are paying £3 7s. 6d. for other land without fencing or anything; how does that compare with the £2 15s. 3d. for Popotunoa?—I am unable to draw comparisons, as I have never seen the Pomahaka Downs Estate.

137. And you applied to several institutions to take up the mortgage on Pomahaka, and they all refused—or Mr. Wright did?—That is purely imaginary; it is an absolute untruth that Mr. Wright applied to several institutions.

138. You have said that you were morally certain that your firm had never any communication with those institutions about this land?—I am morally certain; for if Mr. Wright had done so I would be sure to know it.

139. Did you receive the money from the Government on account of this sale?—We did.

140. How did you apply it?—It went to Mr. Douglas's credit to pay off the mortgage.

141. Did you pay the bank?—The bank was paid off on 19th October, 1893.

142. But you discharged the incumbrance?—Yes.

143. *Mr. Mills*: What was the amount that Mr. Douglas owed the firm when you took over the mortgage from the bank? It has been said in this Committee that Pomahaka was given to the firm as security for a certain amount, and that the firm of Wright, Stephenson, and Co. held a second mortgage; it is therefore open to ask what was the full amount due to the firm?

The Chairman: It was only as collateral security.

Witness: I prefer not to disclose private accounts. We did not require the thing at the time; we were looking to the future. Mr. Douglas might make heavy calls upon us; we had ample cover for our own accounts without touching Pomahaka until we relieved the bank.

144. *Mr. Duncan*.] Regarding Popotunoa, do you remember what sized areas were sold?—There was over 3,000 acres in one block.

145. Who was the purchaser of this block?—Mr. Thomas Taylor.

146. Were there other large blocks beside that?—Yes, but none so large; the next largest would be 1,000 acres.

147. You say you have not seen Pomahaka, and therefore you cannot make a comparison?—No.

148. Would you have given the guarantee to the bank if you had not good security from Mr. Douglas and binding him; your arrangement with the bank would be subsequent to that letter?—No doubt; I believe it was a verbal arrangement with the bank.

149. Then, on the receipt of this letter you would go to the bank and say to them: "We will pay off that; you need not worry Mr. Douglas any more about it. We will pay it off"?—Yes.

150. So that the arrangement would be subsequent to the security you got from Mr. Douglas?—Yes.

151. And the agreement with the bank would be subsequent to the 29th of August?—Yes.

152. Was the negotiation with the bank before or after this letter?—It must have been after.

153. What happened was this: Before you undertook to arrange with the bank you wanted to see whether you could finance outside in case of trouble?—We told him we would not go on unless the sale were attached to the agreement. He thought so much of the property that he did not like to agree to a speedy sale.

154. And when you did give the guarantee to the bank you knew that the negotiation with the Government was pending?—Yes.

155. And you gave him until the 29th of October?—Yes; we gave him two months to sell.

156. Do you know what interest he was paying the bank?—I think it was 8 per cent.

157. There were £244 of accumulated interest due, according to Mr. Grierson's letter?—Yes.

158. You were asked about a telegram which you had not received. That telegram from Mr. Ritchie was prior to the 29th August?—Yes.

159. Then, about that telegram you did not receive?—I think it was his uncle we spoke to about it.

160. Was Mr. Douglas in Dunedin? He must have been?—Yes; he was frequently in Dunedin.

161. Where was the agreement with your firm prepared? It was probably prepared and signed in your own office?—Yes.

162. *Mr. Hogg*.] Had you ever attempted to sell the property privately?—Never.

163. Have you received an offer?—No.

164. *Mr. Mackintosh*.] What price was he looking for?—£3 10s. he indicated first; then he came down to £3.

165. *Mr. Scobie Mackenzie*.] Did you sell the Greenvale Estate?—Yes.

166. How far is it from Popotunoa?—It is more than twenty miles.

167. *Sir Robert Stout*.] You mean the Kelso Estate?—Yes.

168. *Mr. Scobie Mackenzie*.] Is it cultivated?—Yes.

169. There is a large amount of cultivation upon it?—There are 18,000 out of 22,600 acres cultivated.

170. *Sir Robert Stout*.] It is twenty-five miles from Clinton?—Yes.

171. It is a very fine estate?—Yes.

172. *Mr. Scobie Mackenzie.*] You had no complaints about your description of this estate as auctioneers?—No.

173. It was in good working order?—Yes.

174. 15,000 acres laid down in English grass, out of the 22,600 acres?—Yes.

175. 400 acres in oats, 420 acres in rye, so many acres in turnips; could you not tell all the details?—You have got them all there.

176. A good homestead?—Yes; it is old, but plenty of room in it.

177. A good garden?—No garden to speak of, but a good plantation.

178. Does the railway run through it?—No, but it does along the base of it.

179. Close to the Township of Kelso?—Yes, about a mile and a quarter.

180. Good lignite and coal on the surface?—Yes; that is correct.

181. What was the average price of this estate?—About £2 14s. 4d. per acre.

182. £2 14s. 4d? Are you sure?—Yes; the figures you read are correct; the statement was prepared by us, so that the figures are fairly accurate.

183. *Dr. Fitchett.*] Sold in sections?—Yes; in sections.

184. *Mr. Scobie Mackenzie.*] And the sale would be when?—Some time about April, May, or June of this year. I think the first sale was in March, another in April, and another in May.

185. That would be some months after the sale by Mr. Douglas of his land to the Government?—I think it was all between March and the end of June.

186. You say you objected to take up this mortgage because you were not bankers, and did not do this kind of business?—We invariably decline to take up these large transactions.

187. Did it not appear to you strange that the bank would not keep it over?—No; it was the policy of the bank at the time. The banks were pressing everybody about that time.

188. Why were they pressing everybody?—The money was wanted for Australia.

189. Is that the fact?—Yes; Mr. Grierson made the remark himself.

190. Did he make it to you?—Not to me personally, but he did make it.

191. Who did he make the remark to?—To Mr. Douglas, and to Mr. Wright, too, I believe.

192. How do you know?—Both told me so.

193. When?—It was a well-known thing; the banks were pressing every one—tradesmen as well as pastoralists—at that time; there was no secrecy about it.

194. *Mr. Duncan.*] You are acquainted with the Greenvale Estate?—Yes.

195. *Mr. Scobie Mackenzie.*] It says that there are 4,000 acres in excellent tussock, that 17,920 acres altogether have been cultivated?—Yes; I believe so.

196. What price—the cheapest?—12s. 6d. an acre. It originally cost £1 an acre.

197. That reduced the average, of course?—Yes.

198. What was the highest price?—About £4 15s.

199. For Greenvale?—Yes.

200. *Dr. Fitchett.*] Do you think it a fair basis of comparison between Greenvale and Pomahaka?—No; I do not think it is a fair thing to compare the sale of Pomahaka with the Logan Estates. The sale of 30,000 acres of Logan's land immediately before that of Pomahaka Downs was bound to supply, to a large extent, the demand for land in these localities.

201. *Mr. Duncan.*] Had it been cropped?—Part of it had been cropped—oats and turnips.

202. *Sir Robert Stout.*] It would be in good grass?—No; nearly the whole of the grass was run out. It was not in good working condition.

203. *Dr. Fitchett.*] You mention the circumstances which made the sale of these two estates special: what were Mr. Logan's values?—He never talked of less than £3 10s. or £3 5s. an acre. We were trying to sell it at £3 10s. There were several people from Australia about that time looking for land; but he never indicated less than £3 5s. That was for the whole estate.

204. What was the price he wanted for Popotunoa?—I do not know. He intended to make Popotunoa his home; so we never discussed it.

205. You say that Greenvale was not in good working condition when you sold it?—No.

206. Do you know the Pomahaka Estate?—No; I have never seen it.

207. *Mr. Duncan.*] Do you know Clydevale Estate? Has that a good reputation?—Yes; it has a good reputation. It is spoken of as a fine property.

208. *Sir Robert Stout.*] Popotunoa homestead was bought by two of Mr. Logan's daughters for a home: was that why it fetched £4 15s.?—This, and the fact that there were others competing for it, doubtless accounts for this block realising the highest price. Besides, as I have already stated, there were very valuable buildings upon it.

ALEXANDER CAMPBELL BEGG examined.

209. *Dr. Fitchett.*] Your name is Alexander Campbell Begg?—Yes. You are an agent, living in Dunedin?—I am manager for Messrs. Robert Campbell and Sons (Limited).

210. Do you know Mr. Douglas?—Yes.

211. You have been attorney for him for many years?—Yes.

212. You know the Pomahaka Estate?—Yes.

213. Were you in the colony when the property was purchased by the Government?—No; I was in England.

214. What do you know of this land, and its value per acre?—It has been sold for £2 10s. to the Government.

215. What sort of price do you think that is?—I think it is a fair price. I arranged to sell part of the same land in 1889—1,140 acres—at £3 12s. 6d., and that certainly was not the best land; some of the land that remained unsold was quite as good, perhaps better. Four purchasers bought, and paid the whole of the purchase-money. They all settled, and I believe are doing well.

216. Do you know of any offers of lease or sale that Mr. Douglas had before selling to the Government?—I do not know personally; but I know what Mr. Douglas told me as regards the offers he had.

217. When did he tell you?—A good many years before the sale took place, in 1889. He told me of an offer from Mr. Brown, of Brown and Rattray, at £4 10s. an acre.

218. For the whole lot?—Yes.

219. He referred to it in a letter?—Yes; there is a letter which I received from Mr. Douglas, stating that Mr. Brown had made him an offer of £28,000 for the land.

220.—That was in 1882?—Yes. (A8, *supra*.)

221. But the 90s. an acre, that was some years before?—Yes; it was some years before.

222. Do you know of any offer apart from that?—That is the only definite offer I remember his mentioning to me.

223. Any offers to lease?—Yes; there was an offer to lease at 3s. an acre for a fixed lease.

224. *Hon. Sir Robert Stout.*] When was that?—About 1880.

225. *Dr. Fitchett.*] Have you any knowledge of recent values?—I know the district very well. I had land of my own in it, which I sold at a price.

226. What price?—At £4 and £4 10s.

227. How does that land you sold compare with Pomahaka?—It is very similar; it is very much the same; but I should say that it is a great many years ago.

228. *Hon. Sir Robert Stout.*] When was that, in 1877?—No: it is about twelve years ago.

229. *Dr. Fitchett.*] Have you exchanged land?—Yes.

230. How long ago?—Several years ago.

231. At what price?—£3 an acre.

232. Have you seen the correspondence in the newspapers touching the sale of this estate to the Government?—I did not see the whole of it.

233. What conclusion did you draw from it?—The conclusion I drew from it was that there were accusations of jobbery and corruption all round.

234. *Mr. Scobie Mackenzie.*] I understood you to say that, of your own knowledge, you knew of no offers made to Mr. Douglas except what he informed you of?—None, except what he spoke of in his letters to me. These letters I have looked up. He told me distinctly that these offers were made to him at that time.

235. You are the attorney of Mr. Douglas. Do you keep the documents connected with this land, or any other of Mr. Douglas's property, in your possession?—The documents of title were in the hands of the Union Bank.

236. The documents of title?—Yes; they held them as security for a fluctuating balance not exceeding £12,000.

237. Have you no documents connected with the estate in your office?—None; except with respect to the collection of the rents. I collected the rents.

238. A certain amount of the land was sold in 1889, you say?—Yes.

238A. And you say that was not the best land?—No.

239. It was not the worst?—No.

240. It was fair average?—Yes.

241. Do you know the Popotunoa Estate?—It was nearer Clinton.

242. Was the land sold in 1889 easier of access than the rest of the land?—It was easier of access and nearer Clinton. The land at Pomahaka, sold in 1889, was nearest to Clinton.

243. Was the sale of 1889 at auction?—Yes.

244. Mr. Douglas says the area was 1,450 acres?—He is mistaken; it was 1,140 acres.

245. Why was the rest of the land not sold? Were there no bids?—Yes; but the bids did not come up to the reserve.

246. What was the reserve?—£3 10s. One lot was £3 5s.; it was the highest part of the land.

247. What were the bids rejected?—Some were £3.

248. Any lower?—I do not think so. I think £3 was the only other offer.

249. Only one other offer?—There were other offers, but £3 was the only price that could be got for the other land.

250. How does the price compare with the price of land at present?—I think land has come down in value during the last twelve months.

250A. How is that?—There is not so much money knocking about now as there used to be.

251. Do you remember the land-boom?—Of 1877 and 1878? Yes.

252. Was the offer from Mr. Brown made at that time?—I think it was in 1879. It was land that was sold by Mr. Vogel (Sir Julius) when he was Provincial Treasurer. Mr. Brown bought from Tolmie's trustees.

253. What was the value?—£2 2s. 6d.

254. You say you collected the rents of this land?—Yes.

255. There was 6d. an acre paid for a period, and for six years after that, 9d. When Mr. Douglas says he was getting rent and taxes does he mean general or local rates?—Local rates.

256. Did Mr. Douglas pay the property-tax and land-tax?—There would be no land-tax to pay in 1882.

257. He would pay the graduated tax on this property?—Yes.

258. How much does it amount to on Pomahaka?—There was nothing paid on that particular property; it was lumped over the whole of a man's property.

259. What was the graduated tax?—On £15,000, I think—I can only speak from memory; but it would be easy to find the amount of taxes for the different years.

260. Whatever you paid to the general taxes would, of course, reduce the rent?—Yes.

261. Can you say how much it would reduce the rent?—I cannot tell.

262. Would you undertake to find out?—I can tell how much the land-tax was each year, but I cannot tell you how much of it was on Pomahaka, because if he had no other land than Pomahaka there would be no graduated tax.

263. Assuming that he paid the amount payable after deducting the value of his mortgage?—He never leased that land; he refused to lease; he merely gave a grazing tenancy at 2s. an acre.

264. The land sold at £3 12s. 6d. an acre had been let at 9d.?—Yes, for grazing, and for a short time.

265. That was in 1889?—Yes.

266. How much, in your opinion, did this payment of taxes take off the rent?—For several years nothing; there was no property-tax.

267. But since then there has been a land-tax and a property-tax?—I could not tell without going into figures.

268. *Mr. Mackintosh.*] Do you know the Pomahaka property?—Yes, very well.

269. And the adjoining properties?—Yes.

270. What comparison has that with Waipahi?—The land at Waipahi is more broken; it (Pomahaka) is better land, but it is not so convenient for access.

271. You know Clydevale, is not that a very valuable estate?—Yes, it adjoins; it is very similar land.

272. Do you know Mr. Logan's property?—Mr. Douglas's land was naturally better; Mr. Logan's land had been ploughed.

273. Was Pomahaka offered to the public prior to Mr. Logan's?—Yes, some years before.

274. Do you think that offering such a quantity of land as Mr. Logan's and Pomahaka would affect prices?—It would tend to fill up the demand.

275. Did you ever know such a quantity offered in so short a period?—In that part I did not; in other parts of the colony I did.

276. *Hon. Sir Robert Stout.*] At the date of this letter of the 1st March there had been no offer—no written offer?—It was a verbal offer. The year 1882 was the year the frozen-meat trade was inaugurated; every one thought it would raise the value of land.

277. He was anxious to get an offer, because he had not had one before?—Yes.

278. He was not to pay any cash down?—No.

279. *Mr. Hogg.*] Did you ask Mr. Brown to call and see you?—That letter is the only record I have; it is twelve years ago. We had discussed this matter before, when he indicated the value, and so on, but there was never any written offer.

280. *Mr. Scobie Mackenzie.*] Mr. Douglas has given it in evidence that Messrs. Begg, Turnbull, and himself had a hand in getting up that petition?—I was not here at the time; I left the colony in May, and did not come back until December. When I went away there was no notion of selling this property; when I came back it was sold and paid for.

281. *Dr. Fitchett.*] It is your son who would be referred to as "Begg"?—I do not know. I do not think he had any hand in it; but he might have made a copy of it, or something of that kind.

282. *Mr. Scobie Mackenzie.*] Do you remember Mr. Murray's, of Wairuna, offer of 2s. 3d.?—That offer was not accepted.

283. Why not accepted?—Because Mr. Douglas did not want to tie up the land for seven years; he did let it for 1s. an acre, with a month's notice.

284. *Dr. Fitchett.*] Do you know what notice he usually gave to grazing tenants?—Three months.

285. *Mr. Scobie Mackenzie.*] Do you remember Messrs. Brown and Rattray's property?—The aspect is not so good, and I think Pomahaka is worth more money; there is a better aspect to Douglas's property.

286. But what about the land, apart from the aspect?—Mr. Douglas's is better land.

287. When was Wairuna sold?—Some of it had been sold before that time.

288. *Hon. Sir R. Stout.*] Is it the fact that the land from Clinton towards Gore is cold clay land?—There is a good deal of good land there; there are some twenty or thirty settlers on it.

289. *Mr. Scobie Mackenzie.*] Will it grow wheat?—I have not seen wheat growing on this particular land, but there is land similar in the district on which I have seen wheat growing, a good crop.

Mr. JOHN DOUGLAS RITCHIE recalled and cross-examined.

290. *Mr. Scobie Mackenzie.*] While these negotiations were going on about the sale of Pomahaka to the Government, did you correspond in any way with Messrs. Wright, Stephenson, and Co.?—I believe that Mr. Johnstone wrote to me, asking whether the sale was completed; that was about the time the sale was completed.

291. What did you reply?—I think I said it was. I do not think I said anything about the money.

292. What did you reply to Mr. Johnstone's inquiry?—I cannot tell you what I said to him; it seemed to be a private communication from Johnstone to myself, asking when it was completed or likely to be completed. I think I said "Yes" to his inquiry; I cannot say what I said. I think the communication was about the time the sale was completed, or shortly after.

293. He wrote to you under the impression that it was not completed?—Yes.

294. And he wanted an answer whether it was or not?—I was aware that Messrs. Wright, Stephenson, and Co. had given the money to the bank, and that he was anxious to have some definite answer.

295. Can you not definitely say what you replied to that letter?—Mr. Johnstone asked me to telegraph a word to him “Yes,” or “No,” whether the sale was likely to be completed.

296. Then Mr. Johnstone could not have known, or he would not be likely to ask whether the sale had been completed?—No.

297. Did you telegraph that word to him?—Yes.

298. What was the word?—I cannot tell now; it was a particular word. It was either “Yes” or “No.”

299. You cannot say whether it was “yes” or “no”, but you are quite sure it was a single word?—Yes; a single word.

300. When was it?—I cannot tell you; it must have been about the time of the sale, when it was completed, or a day or so afterwards, or at the time.

301. Did you send any other telegram to Wright, Stephenson, and Co.?—Not that I am aware of.

302. Did you send a telegram saying that the matter had been fixed up in Wellington?—I am not aware of doing so.

303. Did you send one to Mr. Douglas?—I cannot tell.

304. Did you keep copies of anything you sent to the Union Bank. I mean any telegram or letter?—I never communicated with the bank. I wired to Mr. Douglas.

305. And not to Messrs. Wright, Stephenson, and Co.?—No.

306. What did you say to Mr. Douglas?—I asked him “Have you arranged with the bank.” He was under the impression that I had seen the manager of the bank; there was an error in transmitting, by leaving out the word “you,” which made it read “Have arranged with the bank.” This afterwards was found out.

307. When was that?—That was when he was carrying on negotiations with the bank at first. I believe it was before the 20th of August.

308. Does it bear a fixed date?—I have no copy; I think it was before I saw Mr. Barron. Mr. Douglas was carrying on negotiations with the bank for some time; he was evidently under the impression that I had arranged up here. This was before the Government had ever got the offer of the land.

309. You mean the offer to the Land Purchase Board on the 21st of August?—It must have been some time before, for negotiations had been going on with the Board for some time.

310. You cannot give the dates of any of these telegrams?—No.

310A. You cannot give us copies?—No.

311. You do not keep copies of letters?—No; I never keep copies of letters from Mr. Douglas, and I do not think he keeps copies of mine.

312. The offer was not made till the 22nd?—I telegraphed to him that it was to be done through Mr. Maitland. He was under the impression that it was the Waste Lands Board who would arrange the purchase. It was several days after that he found it was the Land Purchase Board he had to deal with. As to the missing telegram, I was at Tenui from the 24th to the 27th of October.

313. You have told us the telegram was to the department?—I said in my former evidence, I thought it was to Mr. Barron. I believe it was to Mr. Barron.

314. Now you say it was to Mr. Barron?—I am almost sure it was Mr. Barron I addressed from Tenui. I know that Mr. Barron had to do with the vouchers. I was at Tenui from the 24th to the 27th October. I did not communicate with the Minister. I am not quite positive that I sent it to Mr. Barron. I am quite positive I sent it to the department.

315. Cannot you try and recollect?—I think Mr. Douglas said that the price of Pomahaka had not arrived. He asked me if I would look into it and make some inquiry.

316. *Hon. Sir Robert Stout.*] Any telegram you sent about the bank was sent some time before the application by Mr. Douglas to purchase?—Yes, I think so.

317. And had no reference to the purchase at all?—None.

WEDNESDAY, 19TH SEPTEMBER, 1894.

MR. HANSON TURTON examined on oath.

1. *Dr. Fitchett.*] What is your name?—Hanson Turton.

2. I believe you are District Land Registrar of Otago?—District Land Registrar.

3. Also one of the members of the Land Purchase Board for Otago, under the Land for Settlements Act?—Yes, for Otago.

4. We have it in evidence that you were present at the meeting of the Board when the Pomahaka Estate was recommended to the Governor, and recommended it?—Yes.

5. You signed the report to the Governor?—Yes.

6 I wish to ask you whether there were any attempts, either direct or indirect, made to influence you in your deliberations?—None. By nobody.

7. Had you any communication, direct or indirect, with the Minister?—No. I do not know the Minister of Lands. I never exchanged words with him in my life.

8. *Mr. Scobie Mackenzie.*] Did the Land Purchase Board, by any resolution or otherwise, express more preference for the Conical Hills Estate than for the Pomahaka Estate?—Yes; we thought the Conical Hills would have been a preferable purchase.

9. And the resolution was carried?—Yes.

10. What price was put on Conical Hills?—£3 5s.

11. *Hon. Sir Robert Stout.*] You did not examine the land as an expert at all, did you?—No; I did not visit the land at all.

12. You did not know anything about the value of it?—I did not visit the land. I had a search made in the Deeds Registry against portions of Pomahaka land sold, and the prices taken out, but I never visited the land.

13. You are not a land-valuer. You did not visit the land to value it?—No, Sir.

14. *Mr. Mackintosh.*] Were there any improvements on the Conical Hills property?—I think that land was of better soil, and its proximity to railway stations was an advantage. I cannot charge my memory as to the improvements on the land.

15. The quality of the soil was better?—It was thought so. That was the impression conveyed to us by Mr. Dallas.

16. *Dr. Fitchett.*] As to the Conical Hills: the resolution of the Board was that the preference should be given to Conical Hills?—Yes.

17. You did not mention that in your report to the Governor?—It was considered by us, and we thought we were keeping within our duties if we simply expressed ourselves as to each offer separately, leaving it to the Surveyor-General, who was the head of the Land Department and the medium of communication between the Minister and the members of the Board, to bring our opinion under the notice of the Minister. It was resolved not to include our expression of opinion in the report to the Governor.

MR. HUGH CAMERON examined on oath.

18. *Dr. Fitchett.*] What is your name?—Hugh Cameron.

19. I believe you are a farmer, are you not?—Yes.

20. Living where?—At Waitahuna.

21. You are President of the Farmers' Club at Waitahuna?—Yes.

22. I believe, Mr. Cameron, you inspected Pomahaka?—Yes, I did so just when it was thrown open for lease, after the survey was completed, on the 27th January last, after it was thrown open by the Government for lease.

23. What induced you to inspect it then?—Well, as a settler in the immediate neighbourhood, one interested in the settlement of the land, I went to have a look at it to satisfy myself.

24. Will you give the Committee, briefly, the result of your inspection?—I spent about eight hours in going over the land, and, of course, in travelling over it I examined the sections as I passed along, and I found the land to be, to my mind, suitable for agricultural purposes. It is open, flat spurs, and it appeared to me to have good soil upon it. I judged that at the survey notches taken out at the survey pegs. I saw black soil.

25. What depth was it at the survey pegs?—There were 7in. or 8in. to the bottom in the notches. Of course I had nothing but a riding whip to test it with. I found it very clean ground. There was hardly anything on it. It had evidently been burned recently. It was very suitable land for starting a plough. There was nothing in the way.

26. Would you call it a cold, ungenerous soil—would that be a fair description?—No, I do not think so. It is moist soil; I think that is the redeeming feature in it. We farmers experience, as a rule, that the soil is very often too dry for vegetation.

27. So that was the result of your inspection of the land; that is the opinion you formed of it?—Yes.

28. What opinion did you form of the price the Government paid for it, £2 10s. per acre?—I should think it was worth that. It is broad spurs and not narrow—that is one reason why I thought it suitable for agricultural purposes. It holds the moisture in dry weather. It has a suitable aspect. It lies to the north-east, facing down the Pomahaka River.

29. What experience have you had in land value?—I have been brought up on a farm.

30. You consider yourself competent to form an opinion?—I have had a life-long experience. I am a farmer.

31. Do you think there was any demand for land in that district?—Well, nearly all the farmers in that locality have grown up families. Most of them came to the colony twenty or thirty years ago, and have got sons grown up.

32. You think there was a demand?—I think there was a demand.

33. As far as you can judge, do you consider the Government were warranted in buying the land at the time they did, and at the price they gave for it?—Yes, I think so.

34. *Mr. Scobie Mackenzie.*] How far do you live from the land?—At Waitahuna.

35. How far from the Pomahaka Estate?—I suppose it is about twenty-six miles from my place to the Pomahaka Estate.

36. Is there a direct road to the estate?—Yes. We are on the Greenfield side at Waitahuna. It is about twenty-six miles to the Pomahaka Estate, roughly speaking. I am not positive as to the distance.

37. *Hon. Sir Robert Stout.*] You live at Waitahuna West?—Yes.

38. You visited the place solely from the interest you took in settlement?—Yes, just to satisfy myself.

39. Did any one suggest to you that you pay a visit to the land?—No; none.

40. Nobody at all?—I was not asked by anybody.

41. Are you a valuer by profession?—No; I am a farmer by profession.

42. But have you been employed in the capacity of valuer?—No.

43. Did you make a report to any one after you had visited the land?—Yes; I mentioned it at the Waitahuna Farmers' Club. I told them I was very much pleased with the appearance of the estate, and that I thought it suitable for agricultural purposes; and I recommended any one in the district to pay the estate a visit.

44. Did you write to the Minister of Lands about it before or since your visit?—No; I never had any communication with the Minister of Lands. I never saw him, I think, until I came to Wellington this time.

45. *Mr. Mills.*] Do you know the price which the new settlers have paid for their sections within the Pomahaka Block?—I believe it was something over £3. I inspected the sections. I saw a beautiful crop of ryegrass on one section.

46. And, as a practical farmer, do you think the settlers could afford to pay 3s. per acre per annum for that land?—Well, of course, I should think it ought to be worth about 3s. I would not like to give much above that. Of course, it all depends upon the capabilities of the farmer—if he is a good practical man. It is good virgin soil. It is land which can be very much improved. My belief is that it can be very much improved by cultivation. It is a heavy, moist soil, and can be improved by turning it up. We, farmers, think that three things are necessary for plant-raising—heat, air, and moisture. Moisture is there, so that all that is required is to pulverize the soil, so as to admit heat and air. That is all that is necessary for the quality of the soil.

47. You consider the price the Government paid for this Pomahaka land a fair one?—Yes; it appears to me that it is a fair price for land of that quality.

48. Not too much for the whole estate?—No. I think it is desirable to get land of that quality, having a good aspect, with flat ridges, and so on.

49. *Mr. Mackintosh.*] Instead of calling it a moist soil, is not the term farmers use a “sappy” soil?—It might be so.

50. *Hon. Sir Robert Stout.*] I understand that you rode over the land?—Yes, I had a horse. I rode from Waitahuna through the Greenfield Estate.

51. When did you start from home?—Before 6 o'clock in the morning.

52. When did you get back at night?—Some time after 12 at night.

53. You did the journey all in a day?—Yes.

54. On one horse?—Yes.

55. You did not put in any application to purchase any of the land?—I do not know that I could, under the conditions, as I am already a farmer having land.

56. You did not do so?—No; I did not do so.

57. I understand that the word “sappy” means that it needs draining. Your land at West Waitahuna is schist rock?—Yes; dry.

58. Dry ridges; and when you last saw the land at Pomahaka you preferred that to dry ridges?—Yes; the vegetation is not so easily dried up on such land.

59. Did the land require draining?—Yes; in some parts. Men will find that they have to do that on any farm—even on the hills.

60. *Mr. Hogg.*] Did any of your neighbours apply for this land?—No; there were none from Waitahuna.

61. With your favourable report, was no one induced to apply?—No.

62. *Dr. Fitchett.*] You say you did not apply yourself?—No.

63. I understand you could not apply for it; you say that?—I had land already.

Mr. JOHN DOUGLAS recalled and cross-examined.

64. *Mr. Scobie Mackenzie.*] I understood you to say that you had an offer from Mr. Brown of £4 10s. an acre for this land?—A good many years ago.

65. Between 1870 and 1880?—Yes, between 1870 and 1880.

66. Is it a written offer?—No. Mr. Brown was very careful in putting his hand to paper.

67. Have you anything to show for that offer?—Well, the only thing I have to show is that I told Mr. Begg the moment it was made to me and Mr. Brown came to me at the saleyard and said, “Aye, man, it was a lucky thing for me you did not take my offer; you sold to Government at a much lower price.”

68. In a letter to the newspapers of 24th November, to which you have appended your name, you allude to an offer. [Letter produced.] Is that the same offer?—Yes, that is the same offer.

69. You had been seeing Mr. Brown about this?—I had not been seeing him; but my agent met him in Rattray and Sons' office, but he would neither deny nor confirm the offer.

70. You said friends “of mine”?—I knew they were friends of yours in politics. Mr. Brown himself mentioned it to my agent at Rattray's office, and said that they did not want their names connected with it. As in Mr. Begg's letter to me, dated 17th November, 1893, in evidence. [Appendix A18.]

71. I do not want any names. You said the parties concerned. You said “Scobie's not to connect their names with mine”?—I know that my agent wrote to me to that effect. You have the letters under your nose. I do not want to put my words against his written evidence. I do not think he said “friends.” I knew that you and they were on the same side in politics, and consequently friendly. I consider I was perfectly justified in calling him your political friend, being on the same side as you are.

72. Anyhow, Mr. Brown himself did not tell you this?—Of course he did not tell me, but being on the same side of politics it was only a natural inference. It is mentioned in the letter that Mr. Brown declined to have his name associated. It is in Mr. Begg's letter.

73. You have not seen Mr. Brown since those negotiations?—I told you that he came to me at the saleyards and cried out “Aye, man, is it not a lucky thing you did not take my offer?”

74. On that occasion when you met him, and he said it was a lucky thing that you did not take his offer, did he then ask you not to have his name mentioned in connection with the Pomahaka offer?—No, he did not. It was too late then. He began congratulating himself on my not having accepted his former high offer.

75. The second offer was made to you in 1882, or about that time?—Yes, in 1882.

76. Have you a direct written offer for that?—No. Mr. Brown would never give anything in writing. That is his way of doing business.

77. I want you to charge your recollection as well as you can. I do not want to entrap you: Are you quite sure these offers were really made to you verbally?—I have repeated a thousand times to different people about these offers.

78. I will explain, first of all, that I hold in my hand a telegram received from Messrs. A. and J. Brown, in which he says that he never made you any offer for the Pomahaka property.

[*Dr. Fitchett* objected to this as evidence.]

79. *Mr. Scobie Mackenzie.*] I have a telegram, which says “We never made offer Pomahaka property, but asked Douglas place it under offer £2 10s. an acre seven years ago”?—That is not true. [Telegram produced.] This is not the time; he may have said this seven years ago, but the offer I refer to is more than double seven years ago. That is the third offer Mr. Brown made to me. That is a trap, Sir, that telegram. You have omitted the date in reading it.

80. *Hon. Sir Robert Stout.*] I understand you to say this, that this offer of £4 10s. was not made seven years ago, but previous to that time?—Many years before. I do not remember the offer you allude to at all. If he named £2 10s. it was in chaff.

81. *Mr. Scobie Mackenzie.*] Well, Mr. Douglas, assuming that I received a telegram from Mr. Brown, saying that he never made you an offer, but only asked you to place this property under offer to him at £2 10s., seven years ago, you would be prepared to contradict it?—Most decidedly. I was offered £4 10s., and told my agent about it.

81A. Mr. Brown is the owner of Wairuna?—Yes, formerly Tolmie’s.

82. And is still?—Yes.

83. It was given in evidence that Wairuna was sold in June, 1881?—Yes.

84. Do you remember the price?—No; I have not the slightest idea.

85. Did you bid for it at the sale?—No.

86. I understand that all these letters you have put in are evidence of a kind to show that offers have been made to you; but I understood you to say that most of your documents connected with Pomahaka had been burned at the fire?—These documents on the table have arrived since the Waihao fire.

87. What was the date of the Waihao fire?—About two years ago. About 1891. I had been living at Mount Royal before that.

88. At the time of the fire you had been living at Mount Royal?—Yes; more than a year.

89. Then you left papers there?—Yes; the whole of the letter-books were left at Waihao Downs.

90. And these letters you put in here have been written since the fire?—The letters I have got from parties, from Mr. Turnbull and others, have been written since the fire. Mr. Begg sent me an offer from Mr. Murray.

91. Now, about the incumbrances on the land, Mr. Douglas. You had a mortgage of £9,000 at the date of the sale to the Government?—Yes; that is, against my bank account.

92. It had been reduced from £12,000?—Yes, by the sale in 1889.

93. What rate of interest were you paying?—The current rate, whatever it was. It would be 7 per cent., I suppose—the lowest rate current.

94. Then, looking to the difference between the mortgage money—assuming the interest to be 7 per cent. on the mortgage—and the net return you were receiving from the land, this property was losing considerably every year. Is that so?—Of course I let the property at a nominal rental.

95. Have you any idea how much you were losing?—I had not the slightest idea. Selling was my object.

96. Now, Mr. Douglas, I want to ask you this question: Did you not get on the 29th July fourteen days’ notice from the bank?—Yes, they wanted to liquidate their security—they wanted money.

97. At this time, there being an incumbrance of £9,000 upon the property, I want to know how it was, if this was a good security, why the bank should want to call up their money?—The bank wanted money, and everybody wanted to have securities in a liquid form.

98. Now, did you not consider it rather a harsh action on the part of the bank if it was a good security?—Not considering the crisis is Australia at the time.

99. Did you form an opinion, or were you told, that the bank was sending capital to Australia at the time?—I do not remember the words I was told, but Mr. Grierson told me that the bank wanted to have its securities in a liquid state, on account of the crisis. He led me to understand that by inference.

100. The bank manager never said that in words?—He led me to understand that, but he never said it in words.

101. Mr. Johnstone gave evidence yesterday that he was sending money to Australia?—I understood it was in consequence of the Australian crisis.

102. When you received this short notice, Mr. Douglas, did you try any other institution in Dunedin for the money?—I might have asked someone. I do not remember. I did not put myself to very much trouble. I went to Wright, Stephenson, and Co., and asked what was best to be done. There is a misunderstanding. Mr. Grierson, before making a demand for the money, told me that things were getting very tight, and he was afraid that the bank might want to have its securities in a liquid state. It was not so sudden as you wish to make out.

103. Did you try any other institution for the money when the bank called it up?—I had had transactions with Mr. Edmond Smith. I might have asked him.

104. Who is he?—He is one of the financial agents. I might have spoken to him.

105. You do not remember?—I do not remember.

106. What makes you think you might have gone to him?—Because I have had business transactions with him, and think he is a likely man to whom I would go. I would not mortgage

my property—I wanted to sell it. I wanted to get a temporary loan. I wanted a temporary loan in such a way that I could call it in and transfer the property when I wanted to.

107. If you do not remember going to any other person, unless possibly to Mr. Edmond Smith, did any one try any other institutions on your behalf?—Not that I am aware of.

108. Now, about the petition. It has been given in evidence that you wrote this petition. Is that so?—I sketched the petition in a rough way.

109. You wrote it in manuscript?—Yes.

110. Where did you draw it up?—At home.

111. Where is “home”?—Mount Royal.

112. When you drew it up, to whom did you send it first?—The rough sketch I sent to Mr. Begg, junior, and then I sent it to Mr. Turnbull, and when it came back—I do not write very distinctly—I got a young fellow at the station to copy it, and sent the copy to Wright, Stephenson, and Co., asking them to type-write it.

113. You said you sent it to Mr. Begg, junior?—The rough draft. He sent it back to me.

114. Why did he send it back to you?—To ask my advice.

115. Why did you send to him?—To revise.

116. Then he revised it and sent it back to you?—Yes, to Mount Royal.

117. To whom did you send it then?—To Mr. William Turnbull, at Clinton.

118. What instructions did you give to him about it?—To examine it, and if anything he saw or thought was not the right thing, to alter it; and make any additions he thought necessary, and send it back to me.

119. Did he make any additions to it?—If he did, from memory, I think he said that the petition expressed the true state of things.

120. Did Mr. Begg, junior, when revising it, make any additions?—Yes, he scratched out a great deal. He shortened it very much.

121. Did he add anything to it?—He shortened the petition.

122. You are the author of the petition as it stands?—Yes, I am the author of the petition, barring the alterations made.

123. What became of the petition after it was revised and corrected?—Wright, Stephenson and Co. had it type-written, and forwarded to Mr. Turnbull.

124. You asked for two copies to be type-written?—Yes; I thought Mr. Turnbull might have a copy in the township and one for the country—that it would be better to have two copies for signatures.

125. And two type-written copies were sent down to Mr. Turnbull?—Yes.

126. What did Mr. Turnbull do with the petition then?—He might have had one at the hotel. He sent one of his men—a lad—out with the petition.

127. What for?—To get signatures.

128. What was the man’s name?—I never saw the man, to my knowledge.

129. Anyhow, Mr. Turnbull sent a young man out to get signatures?—To get signatures.

130. What did you do with the other copy?—He would very likely have it in the hotel.

131. And did the young man who was sent out get the signatures?—I never saw or spoke to the young man.

132. Was this young man paid?—Very likely. Mr. Turnbull told me that he would probably have to charge me horse-hire for it, and probably the man’s wages.

133. Did he say what the wages would be?—He never said anything about the wages.

134. Did he ever come upon you for the money?—Yes; I gave it to him without his coming for it. I gave Mr. Turnbull the money for the young man.

135. For the man who took out the petition?—He told me what it was for.

136. How much did it come to?—Twelve pounds sterling.

137. How long was he at it?—I suppose he was about two or three weeks. The weather was broken, and he was put to great trouble and inconvenience. The creeks were swollen, and Mr. Turnbull told me he had great trouble about it.

138. *Dr. Fitchett.*] That included the horse-hire?—It included horse-hire, of course.

139. *Mr. Scobie Mackenzie.*] I think in your evidence you state that various persons had spoken to you—settlers in the district—asking for this land?—Yes.

140. Did they speak to you personally?—Yes, personally.

141. Where?—In the hotel, where I was waiting for Mr. Adams. He was down at Conical Hills.

142. When?—I was at Clinton on Saturday, and stayed the Sunday.

143. This was when you were in Clinton?—Yes, in Clinton; staying in the hotel. It must have been on the 26th August, 1893.

144. Then, on the 26th you were staying at Clinton?—I was staying there a day or two before.

145. And it was there that the men asked you to get this land thrown open?—Yes; everybody there was in great excitement over this land, and a lot of people came to me at the hotel and asked me about it.

146. At this time the petition was being got up?—Yes.

147. Did any one see you before the petition was got up?—I was not in the district at all before.

148. Did anybody ask you to get this land purchased by the Government prior to the getting up of the petition?—I cannot answer your question unless I give you authority for the statement I am about to make. Mr. Turnbull told me over and over again that there was a great demand for land in the district. I did not care to sell my land piecemeal; and when I was told by Mr. Turnbull and Mr. A. C. Begg that people were making inquiries about it I said, “Now is the time for putting the land in the market.”

149. No settlers down there suggested to you to get this land purchased by the Government before you commenced to get up the petition?—I was not on the spot. Mr. Chapman applied to me.

150. You gave evidence that the settlers spoke to Mr. Begg, to yourself, and to Mr. Turnbull, asking that this land might be purchased by the Government?—Yes. I was spoken to myself personally at Clinton, and Mr. Turnbull told me that he had numerous applications from persons desiring to take it up.

151. *Dr. Fitchett.*] Are we to understand that Messrs. Turnbull and Begg were applied to by various people in order that you might sell to the Government?—Mr. Turnbull told me that it would be a good thing to sell to the Government.

152. *Mr. Scobie Mackenzie.*] No settlers spoke to you about the matter personally until you were at Clinton?—Yes; I told you that Mr. Chapman came to me personally about it.

153. That is, to lease the land from you?—To lease land from me.

154. At the time you were at Clinton the petition was in progress, you having started it?—Yes.

155. Is there a journal published in Clinton?—Yes.

156. What is the name of it?—You have got a copy of it there.

157. The *Clutha County Gazette*?—Yes; that is it.

158. At the time you were in Clinton on this visit, did you supply an article for the local paper—the *Clutha County Gazette*?—When I was staying at the hotel, the editor of the paper came to me three times, and asked me if I would be good enough to give him some ideas about this land, because he would have to write about it, and was not well up in it himself.

159. And the reason he gave was?—He said he was not up to describing the land himself. He wanted me to describe the land, and give him an article on the proposed settlement.

160. Had you seen the land at this time?—I saw the land in 1889, and I had seen it with Mr. Adams at that time. I had only seen the land when it was put up for sale in 1889, and at this time.

161. He came to you three times, asking you to write an article?—Yes.

162. And did you refuse it each time he came?—I said, “I may do it.” I put him off, and I got Mr. Turnbull and Mr. Begg, junior, and I then said I would sketch him an article.

163. And you gave the editor the article?—Yes; I gave it to him. There were a lot present at the time, and I made a good joke of it. He was a pawky sort of chap, and we made a good joke of it.

164. Who was present when you provided him with the article?—Mr. Turnbull and Mr. Begg, junior, who is a settler there.

165. Is he a connection of your agent?—He is the eldest son. He has got a sheep-farm there.

166. Who else was there?—The thing was done quite openly.

167. You gave this man the article in the presence of your own agents and Mr. Begg’s son?—Yes; Messrs. Turnbull and Begg gave me some ideas. I said, “How do you think this will look?”

168. Were there any more there?—There might have been. It was a public matter.

169. And you do not remember anybody else there?—I do not remember.

170. Then you handed this article to the editor?—In their presence I gave it to him.

171. In the presence of Mr. Begg, junior, and your agent?—Yes; I do not remember any more.

172. Is that your article [Article produced]?—Yes; that is the article I wrote, and a very good article it is.

173. This is an article, Mr. Douglas, describing the land pretty much in the way as the petition does, and afterwards urging the Government to buy it?—It is not urging the Government to buy it, it is hoping the Government would buy it.

174. This was put into the paper. Did you offer the editor any inducement to insert it?—I swear that I never offered him anything, and the editor never asked or spoke to me about any consideration.

175. Did you see a letter in the *Otago Daily Times* signed by “Walter Kay”?—I did.

176. Did you notice this in it: “In reference to the insinuations that the leading article in my paper was written by John Douglas, I may say that such was not the case. All I ever received from John Douglas was a good cigar, and a few directions about the aspect, as seen through a good glass of whiskey”?—He never got a cigar from me that I am aware of.

177. Did you see this?—I saw it; but it was a practical joke. The man was going about gloating over it.

178. Do you remember the letter?—Yes; but I took no notice of it, because the man was a practical joker.

179. Did you promise him a Christmas-box?—I swear that I never made any mention of a Christmas-box, or any consideration whatever. If he had asked me, I would have taken him and thrown him out of the window.

180. You never even gave him a glass of whiskey or a cigar?—Not that I am aware of. There were people in the hotel that I had not seen for years, and he might have got a cigar or a glass of whiskey. I dare say I shouted for them.

181. During the time that the negotiations were going on for this land there were a number of letters passing between you and Mr. Ritchie?—I am always asking Mr. Ritchie about things. He had charge of the station.

182. Unfortunately, Mr. Ritchie did not keep the letters?—I never kept a copy of letters from Mr. Ritchie. I have such confidence in him.

183. There is one letter here that we have got some little insight into from yourself?—Yes.

184. There was one letter to Mr. Ritchie written by you, the contents of which you have given us some insight into, in a letter to the papers on the 14th December, 1893, in the *Otago Daily Times*. You remember the words: "In writing Mr. Ritchie I mentioned that the petition had been sent to Thomas Mackenzie, and expressed a hope that legislators would be able to spare as much time from worrying each other as to consider the petition; that I was anxious to learn their decision respecting this, because I found I had plenty of buyers were I to sell in largish-sized blocks; that I believed I could make a better price in this way, and would try this mode if the Government did not bite at once; my object in desiring a speedy answer being that I might make financial arrangements in selling privately, and on terms sufficiently long to suit buyers." Now, you have not kept a copy of that letter?—No.

185. Did you get an answer from Mr. Ritchie?—I got an answer, but I do not think it was very speedy, a few days after. It was a telegram.

186. Where is that telegram?—I have kept no record of Mr. Ritchie's things.

187. Can you recollect what was in the telegram?—As far as I remember it was just that the thing was going on, and it would take some time. He was not in a position to give me a definite answer.

188. Did you understand Mr. Ritchie to say that it would take some days?—Yes.

189. That he was not in a position to give a definite answer?—Yes; that is the real gist of it.

190. Did Mr. Ritchie say he had mentioned to the Government that you had plenty of buyers?—No; the transaction was closed by this time. You are speaking of that?

191. No; it was at the time the Government "did not bite"—before the Government had decided to purchase the land, because you were urging Mr. Ritchie to ask the Government to "bite." Had you plenty of buyers who would give you a high price at the time?—I had several applications, Mr. Turnbull and Mr. Begg had applications, and I found that if I cut the land up in thousand-acre blocks I could sell it at a better price. This resolution I came to because of the applications that I myself had had, the applications Mr. Begg had had, and that Mr. Turnbull had had.

192. What are these applications, Mr. Douglas? Were they written applications?—Yes, some of them. Some of them were from men I met when I was down there, and some were written.

193. Can you show me a single written offer for the land at this period?—There is a letter that Mr. Begg sent me from Mr. Murray, to lease with a purchasing clause.

194. I am speaking of this particular period, the year 1893?—While I was down at Clinton several people spoke to me about it, and Mr. Turnbull told me that he felt certain, from the people he had met and who had spoken to him, that I would do far better by cutting it up in thousand-acre blocks than by selling it to the Government, unless I got a good price.

195. Then your statement to Mr. Ritchie, intended for the Government—that you had plenty of buyers prepared to give a high price—rested upon your conversation with Mr. Turnbull?—It rested on the conversation of Mr. Turnbull, Mr. Begg, and the men who had spoken to myself.

196. You had no written applications at all at this time, in 1893, in the month of August?—I do not know whether I had on that particular date. Not very long before that I had.

197. Now, Mr. Douglas, at a previous time and in a previous letter, and in evidence here, you said you were accepting a nominal rent from the lessees in the continual expectation of a buyer?—Yes.

198. *The Chairman.*] What were your reasons?—The ground was not fenced, there were no buildings upon the land, and no yards upon the ground, so that it was not fit for occupation except by one of the two adjoining neighbours. After the land was fenced, or at the time the land was fenced, I was in treaty with some English buyers, so could not give but a temporary occupancy of the land, which would not justify me in putting up buildings for a fixed tenancy; consequently, I had to take what my neighbours offered me.

199. *Mr. Scobie Mackenzie.*] Then there must have been other reasons. In a letter of yours of the 14th December, 1893, in the public prints, did you write to the press the following letter: "Being in continual expectation of selling the land, I was not so exacting about the rent of the land as I should otherwise be." Is that so?—Yes, that is so.

200. *Hon. Sir Robert Stout.*] The reason why you did not seek a higher rent was because you wanted a tenancy that would allow you to sell?—Yes.

201. *Mr. Scobie Mackenzie.*] Then how was it, when you wanted to sell to the Government, you were able to offer it to them, as an inducement, that you had plenty of buyers. If you had been accepting since 1887 a merely nominal rent because you were in the continual expectation of a sale, as you put it, how was it that when you wanted the Government to buy, you had plenty of buyers at hand?—I was anxious to sell to a "Home" buyer, because he would have taken the lot. When I went down to Clinton, and found I had buyers for 1,000 to 2,000 acre blocks, I thought that would be more trouble, and I kept this mode of selling in reserve. Mr. Turnbull had two buyers from "Home."

202. *Dr. Fitchett.*] I suppose you did not want the eyes picked out of it?—No, I wanted to sell in globo.

203. *Mr. Scobie Mackenzie.*] Are we to understand, Mr. Douglas, that you had no buyers while you were accepting a low rent, but had plenty of buyers when in treaty with the Government?—I had buyers of parts when receiving the low rent, but would not accept the terms they offered for lease or purchase. As I have already stated, when at Clinton I found a demand for the land if offered in 1,000 to 2,000 acre blocks.

THURSDAY, 20TH SEPTEMBER, 1894.

MR. JOHN DOUGLAS recalled and examined.

1. *Mr. Scobie Mackenzie.*] Where were you on the 30th of August, when you received a telegram from Mr. Thomas Mackenzie, to the effect that the Minister was favourable to your petition?—The telegram itself would tell if you look at the address. I have no date. I have no idea of the date.

2. Have you the telegram?—I put it in with some of the things there. I cannot tell. [Telegram produced and read: Appendix A19.]

3. It was addressed to Mr. Turnbull, was it?—I wrote to Mr. Thomas Mackenzie on 17th August, and he replied and said he would do what was right and proper on the petition coming to hand. [Appendices A20 and A21.]

4. You went to Clinton on the 26th; this was the 30th?—I do not think I was in Clinton so long as that; not four days.

5. You went on the 26th to inspect the land; and you went on the land?—I had been in Clinton before that. After being out on the land I would not be there long; I would go away next day. I was waiting for Mr. Adams coming down that day, or in a day or two; but after going on the land there was nothing to wait for.

6. Did Mr. Turnbull mention that he had got the petition?—I do not remember his saying anything. I left the day after the land was examined.

7. When did you receive the letter from Mr. Thomas Mackenzie?—That would be sent to Mount Royal.

8. What is the date?—I have no idea.

9. *The Chairman.*] That would be after Mr. Thomas Mackenzie received the petition?—No. He said he would do what was right in the matter when the petition came to hand. There is a letter from Mr. Thomas Mackenzie to myself. It is a short letter on the face of a sheet of note-paper. He said that when the petition came he would be glad to do all he could. [Letter from Mr. Thomas Mackenzie to Mr. Turnbull, 28th August, read: Appendix A22.]

10. Was Mr. Thomas Mackenzie's letter to you after the presentation of the petition?—No; he never wrote to me after he presented the petition.

11. *Dr. Fitchett.*] There is one of the 22nd, before the petition was presented. There was none after the presentation of the petition?—Nothing but the one saying that the Minister was generally favourable.

12. When you returned to Dunedin after the Clinton visit you would call on Messrs. Wright and Stephenson?—It is very likely I would.

13. But you do not remember?—I do not remember.

14. You do not remember discussing the success of your expedition with them?—I do not remember; but I had plenty of time. If I did not go by the early train I would be likely to do that.

15. I find by the evidence of Mr. Begg that the land you previously sold was 1,140 acres, and not 1,450, as you stated in your evidence. You must have made a mistake?—Yes, I was in error. He would know the exact amount.

16. You told the Committee that there was no secrecy about the petition; that you consulted every one you knew about it?—I consulted every one that was available.

17. Will you tell us whom you consulted?—I consulted people I had a right to consult—my accountant and my agent.

18. But there was no secrecy?—We desired to make the whole thing as public as possible.

19. There was no secrecy between you, Messrs. Begg and Turnbull, in Messrs. Wright Stephenson's office?—On my own station I talked about it to the people.

20. Whom do you say you had a right to consult?—My agent and accountant and others.

21. Do you remember an occasion ten years ago when I visited your house at Waihao?—I do not remember.

22. Do you remember Mr. Watson Shennan and Mr. C. R. Haughton, of Dunedin, and myself staying at your house on the Waihao about ten years ago?—I do not remember it.

23. You do not remember my being at your house?—It might be so; I know of a great many people coming and going, but I do not recollect distinctly your being there.

24. I was returning from the session of 1884; there were three of us and we stayed at your house: we all met together in the train—you were returning from Christchurch?—Yes, I believe I do remember that, now you mention it.

25. On that occasion did you speak about Pomahaka?—Not that I remember.

26. Do you remember telling me about the aspect of it and how you came to buy it?—I might have told you; there is a bit of romance about that; I might tell you the whole thing if you wish to hear it.

27. But you now believe that I did visit your house on the occasion I have mentioned?—Yes.

28. *Mr. Mills.*] If the bank had not been pressing would you have sold the land for £2 10s. an acre?—Certainly not, but for the financial crisis.

29. Do you consider that the colony has made a good bargain out of that land transaction?—Most decidedly.

30. What electorate is this property in?—In Mr. Thomas Mackenzie's, in Clutha.

31. In what electorate do you vote?—I am in Palmerston, in the Waihemo. I have a right to vote in either.

32. *Mr. Green.*] What electorate did you vote in?—I was laid up with influenza, and I voted in Waihemo because it was within ten minutes of my house.

33. From the time the purchase of Pomahaka was mooted, until the purchase was completed, had you ever any communication on the subject with the Minister of Lands?—No; I spoke to the

Minister of Lands after the Act had passed. He told me in reply to my question that I had better get a copy of the Act.

34. *Mr. Duncan.*] With regard to improvements on Pomahaka. Was it your intention to improve it and to live on it?—No, it was not. I bought the estate because it was almost a gift. I bought it for an old song. It was sold under pressure.

35. Did you never change your mind about that?—I never did. Mr. Ritchie, my son, and Mr. Begg often advised me to cultivate it. I now think I was wrong in not doing so.

36. *Dr. Fitchett.*] I want to know whether Mr. Ritchie had anything to do with this petition?—He had never anything to do with it.

37. Now, it has been suggested that you raised the land-tax value with a view to maintaining a high price for the land?—I never saw the man who valued the land for taxes. There is no truth in the statement. Mr. Begg saw him; I never spoke to him.

38. *Mr. Scobie Mackenzie.*] Where is that?—

Dr. Fitchett: Your speeches are in evidence. It is in your Naseby speech.

Mr. Scobie Mackenzie: They will have to be produced.

39. *Dr. Fitchett.*] I wish to know whether you did anything to raise the land-tax value?—I never spoke to the man in the world.

40. There was a good deal of discussion about a telegram from Mr. Ritchie to Mr. Barron relating to the purchase-money and its non-payment?—I applied to Mr. Maitland, to whom I had offered the property, asking payment. He referred me to Wellington, but he could not say to whom, so I therefore sent a telegram to Mr. Ritchie, asking him if he could find out when it was likely to be paid.

41. What was its date?—About the 24th or 25th of October.

42. When was the arrangement with Messrs. Wright and Stephenson to be completed?—About the end of October.

43. The property was purchased, when?—On the 27th of September.

44. So that the purchase-money was three weeks in arrear?—Yes.

45. Reference has been made to the *Clutha County Gazette*; will you tell us whether the statements made there are correct?—Absolutely correct in every item.

46. How does that compare with the statements in the petition?—Practically the same; they are on the same lines.

47. Was Mr. Turnbull known to be your agent?—Yes; thoroughly well known all over the country; he had been working for me five or six years.

48. Did you give him any indication that you did not desire your connection with this petition to be known?—It was known; there was no secret about it whatever; he could publish it wherever he liked; he had no instructions from me to prevent its publication. I wanted it circulated far and wide—the wider the better. He said that every person in Waipahi and Balclutha had signed it.

49. *Mr. Scobie Mackenzie.*] In a letter which you wrote to the *Otago Daily Times* of the 24th November, 1893, did you use language to the following effect [Extract read]?—I was going to explain that. When I met my agent in Dunedin he told me he had got the valuation for taxation fixed at a low rate, seeing that I was only getting a nominal rent; he had pleaded the low rental as an argument for fixing the taxation valuation at a low rate.

50. What did you mean by saying that you claimed a reduced value because of a nominal rent?—I told Mr. Begg that I thought he might not be so very wise after all in arguing that.

51. Why should he not be wise in getting it at a low rate?—I did not think he was taking into account the intrinsic value of the land.

52. You were sorry that was argued?—Yes.

53. You were sorry that he used that argument to put it at a low rate?—Yes, I was sorry that he used that argument to put it at a low rate.

Mr. PERCY SMITH recalled and examined.

54. *Dr. Fitchett.*] I have recalled you, Mr. Smith, to clear up some matters connected with the Conical Hills negotiations. The file of papers connected with these transactions has been put on the table. I want you to give us, in the first place, some information connected with that.—Yes.

55. We have it in evidence that the Conical Hills Estate was before the Land Purchase Board at the same time as the Pomahaka, and that you made a recommendation in respect to each property?—Yes; that is so.

56. There is a recommendation to exchange Mr. Shennan's land for land to be given by the Government, but, failing that exchange, the purchase of Conical Hills was to be preferred. Tell us what you did in the matter?—This matter was before the Board, and very fully discussed. Mr. Shennan's land, with the exception of a few hundred acres, seemed to be of good quality, in a good position, and well adapted for settlement. It was considered that £3 5s. an acre would be a fair price for it. The Board, failing the exchange, recommended that so much of the land as was in the Otago district should be purchased, if Mr. Shennan would sell. The Board found that Mr. Douglas's land was very similar, and it was ultimately decided that, in the event of having to make a choice between Mr. Douglas's and Mr. Shennan's land, the latter was to have the preference, if Mr. Shennan would sell the Otago portion.

57. Your report to the Government contains a recommendation to buy Pomahaka, and to exchange Government land for the Conical Hills?—The proposition for an exchange was to be given effect to if there should be powers given by Parliament for that purpose; if not, then the purchase of part of Mr. Shennan's property within the Otago district, and, failing this, the purchase of the Pomahaka property.

58. I want you to tell the Committee how it was that the recommendation preferring Conical Hills to Pomahaka was not mentioned in your report to the Government?—In the first place I should state that there is nothing in the Act which requires the resolutions of the Board to go to the Governor. The Act requires the Board to draw up a report, and states the headings under which the lands recommended for purchase shall be dealt with: (1) As to the value of the land; (2) as to its suitability for settlement; (3) as to the demand for land in the neighbourhood. After passing the resolution, when the members of the Board came to draw up their report to the Governor, we thought we were going somewhat beyond our powers as a Board in making this recommendation as to the advantages of one property over another. It was therefore arranged by the members of the Board that this matter should be brought under the notice of the Government, independently of the report. It was the opinion of the Board that preference was to be given to Conical Hills, because it lay within two railways; that there were three railway-stations close to it; because it was easier of access; and because it had been cultivated in part. That was the reason for the different recommendations in our report to the Governor. I might here state, as a matter of fact, that the Board does not necessarily follow the exact words of the resolution in drawing up their report. The report very often is much longer than the resolution; sometimes it is very brief; but they are all based on the resolution, as a matter of course.

59. You say it was agreed by the members of the Board that the matter should be brought under the notice of the Government?—That is so.

60. How was that to be done?—You will remember that I have said already in my former evidence that a few days after returning to Wellington I took the reports of the Board to the Minister. These reports related to the various proceedings of the Board with respect to the lands submitted for their decision in Otago and Canterbury. I discussed each matter with the Minister, and told him of the resolution of the Board. I would not say for certain, but the probability is that I read the resolution of the Board to him. I cannot trust my memory to say whether I did or not. We then discussed the question as to what was best to be done about these two estates. You will remember that about that time there had been a measure introduced into the House which contained a principle authorising the "exchange" of property for Government land, but that never became law.

61. Was that Bill before the House while you were sitting in Dunedin?—Yes; I believe it was. I would not like to say for certain; I think it was.

62. It was introduced on the 1st September?—I am trusting entirely to my memory of what took place at my interview with the Minister. I think it was known that, although this Bill had not been thrown out, the probability was that it would not pass. As a matter of fact it did not pass. As Mr. Shennan had placed no definite offer before the Government—nothing but the proposal to exchange his land for other land—a proposal which the Government had no power to accept; and, in view of the fact that had the Government decided to purchase Mr. Shennan's estate, it would have taken more money than the balance remaining of the vote appropriated for the purchase of lands under the Act—

63. How much had you appropriated?

64. *The Chairman.* That was a large estate?—Yes; I have some figures here, although I cannot say they are exactly the same as we had before us when discussing these matters, but they will show the state of the fund on that occasion, as well as what our liability would be.

65. You submitted that statement to the Minister?—Yes; a memorandum of the estates which had been purchased, and those the Board had reported favourably upon, showing the balance left out of the £50,000 voted for this purpose. This statement I will be glad to put in; it contains the figures approximately. The originals are gone; I cannot say positively that it is the same, but it is to all intents and purposes the same. [Appendix A23.]

66. How much is appropriated each year?—£50,000.

67. What would Mr. Shennan's property amount to?—It would be £41,281, and the portion in Southland £3,673. You must consider the two together for this purpose; for if we had gone into negotiation with Mr. Shennan he would hardly be content to leave the worst part of his estate for himself. The Southland portion was the worst. The reason the Board only recommended a portion of the estate was that the Otago Board could only deal with lands in Otago. The Committee must take that into consideration. The whole amount required would be about £45,000.

68. That would have sucked up the whole fund?—More than that; for at that time there was a balance of only £31,000 available.

69. You had not funds to buy this estate; and you had only a definite offer for exchange, in respect to which you had no statutory power?—The only definite offer from Mr. Shennan was the exchange; and there was no power to accept that, unless the Bill before Parliament should pass. On the 18th of September, Mr. Shennan writes to the Minister regarding the sale of Conical Hills. [Letter read.]

70. The letter of the 25th of July was when he offered the exchange; but he was willing to negotiate for an unconditional sale: that letter would come when you were in Dunedin?—I was in Canterbury on the 18th.

71. There is a memorandum to Mr. Barron saying, "Bring this before me with the correspondence": you say that was not a definite offer?—There is no price mentioned in that letter at which Mr. Shennan would sell the land.

72. Have you ever considered the purchase of lands in respect to which you had not a definite offer?—No, except this question of "exchange," which we found we had no power to effect.

73. There is a letter from you, by direction of the Minister, in which he regrets he has no power to effect an exchange of Crown land for pastoral land: 28th September. [Letter read.]

74. What reason had you for supposing that Mr. Shennan would not accept the Board's value?—I must have heard something about it when I was in the South. I have no doubt I must have had some reason, or I would not have said so.

75. Is it a fair inference that the reply to him was delayed until you knew what the effect of the Bill was?—I think that is exceedingly probable.

76. The Bill was killed on the 27th: that is your explanation?—That is all I have to say about it.

77. *Mr. Scobie Mackenzie.*] I find there is an indorsation at the foot of that resolution in the same hand, to the effect, "Wait and see if Mr. Shennan will sell"?—Which resolution is that?

78. There is a resolution of the Board in respect to which the words are written at the bottom of the paper, "Carried. Wait till we see if Mr. Shennan will sell"?—I do not remember it; if you say there is such an indorsement, I have no doubt it is so.

79. I should like to know whose writing that is? Did you take any steps to see if Mr. Shennan would sell?—I think no further steps were taken than you see recorded on the file. No other steps were taken according to my recollection.

80. There is one letter to yourself, and one to Mr. Shennan?—You will remember that I have not seen that file of papers since this time last year, so that my recollection is somewhat imperfect in regard to them.

81. *Hon. Sir Robert Stout.*—Is that in your handwriting, Mr. Smith? [Document handed to witness]—No.

82. Whose writing is it?—I think it is perhaps Mr. Barron's; it looks like it, but, really, I would not like to say.

83. Who is Mr. Johnson? It is evident he took the paper down to the Minister, and the Minister told him to "wait," &c.—Mr. Johnson is the clerk in charge of the Land for Settlements papers.

84. *Dr. Fitchett.*] Was any reply sent by Mr. Shennan to that letter of yours?—No.

85. *Mr. Scobie Mackenzie.*] You say you took no further steps than what is shown on the file?—All the transactions with regard to Conical Hills are shown on that file.

86. Looking to the fact that you preferred this land, would it not be desirable to have sent Mr. Shennan a telegram asking if he would sell?—If it had occurred to me, probably that would have been done; you will observe that his was an offer to "exchange." It was not an offer to sell at all.

87. But if it had occurred to you to send a telegram to Shennan you would have done so?—Yes.

88. I must ask you again, if this property were preferable, do you not think it would have been advisable to see whether he would sell?—There was one thing against it: there would be a difficulty about the money. The cost would have been £45,000. The Government had in hand at that time only £31,000. That would have prevented any sale. That was probably the reason why a telegram would not be sent.

89. Do you think that the money-consideration deterred you?—I have no doubt whatever that it did. The whole matter was discussed between the Minister of Lands and myself. The principal topic of the discussion was as to "ways and means." But not only was that a very large sum, but there was a further recommendation of an estate in Canterbury which would have cost £16,000. There were other offers of properties in all parts of the colony, in connection with which there would be some contingent liability, and which were in every way worthy of consideration also.

90. Did you place the whole of this question of the money before the Minister?—I did. The figures I have put in will show the state of the fund at that time. These are the facts.

91. These figures have been compiled recently?—Yes; but they are practically the same. We discussed the whole matter—the Minister and myself.

92. And you presented that statement to Mr. McKenzie?—Yes.

93. Did you tell Mr. McKenzie of the money difficulty that prevented you making overtures to Mr. Shennan?—I certainly pointed out to him, as was my duty, that he could not purchase because there were only £31,000 in hand, and the Conical Hills would cost £45,000. The conclusion to which we came was to defer the consideration of the whole of the question connected with this estate, and fall back upon the only other offer of land we had in that district that we thought suitable for settlement.

94. Did it occur to you to ask Mr. Shennan if he would sell a portion of the estate?—It did not occur to me; I do not think there was any conversation on that subject.

95. So that, without knowing whether he would sell definitely, or whether he would sell a portion of the estate, you both came to the conclusion to take this property of Pomahaka, although it was the worst of the two?—We were going on what we had before us; we had the offer only to exchange before us; Mr. Shennan had made no offer of sale at all.

96. As you are here, I wish to take you back to another matter upon which you gave evidence before this Committee. When you were here before you said in your evidence that you had had no complaint of the price of Pomahaka which the settlers were paying. I wish to draw your attention to Mr. Maitland's printed report, which you said you had overlooked. Do you remember that?—Yes.

97. Is there a gentleman in your department named March?—Yes.

98. Does he report to you at any time?—Yes; on village-settlement questions.

99. Are you aware that Mr. March has reported that the price was held to be too high?—Do you refer to the printed report—Mr. Maitland's?

99A. There is another from Mr. March to Mr. Maitland, 23rd February, 1894. It is addressed to Mr. Maitland, forwarding March's report. You had overlooked that?—The probability is that I never saw that letter.

100. It is addressed to the Surveyor-General?—We receive in our office about twenty thousand letters, telegrams, and other documents a year; seventy is the average number each day. It is impossible to recollect all of them. I do not think that came before me.

101. Did you overlook this paper?—I have no recollection of seeing that paper at all.

102. It is numbered "204," in which Mr. March mentions that a large number of the settlers considered the rentals too high: you overlooked that altogether?—I do not remember seeing it. It does not affect the purchase of Pomahaka.

103. It is stated that complaint had been made to yourself that too high a price had been given for that land?—I am prepared to say that we did not give too high a price for it, notwithstanding that all the sections were not taken up.

104. What is the usual course when Crown lands are offered for sale: are they taken up at once?—No; not unless there is something particularly advantageous about them which the purchasers do not like to leave over to the next day. They frequently are not all taken up the first day—a great number are taken up afterwards.

105. If the price was not high, in the opinion of the settlers, why should that complaint be made?—It is not the price paid for the land of which the settlers complain; it is the price put on afterwards.

106. What is it that made that high?—The roading, the surveys, and other expenses connected with land.

107. For loading?—Roading and other purposes.

108. Do you not think that when property is bought that requires a large expenditure for loading that should be considered in the price?—Yes; no doubt. So far as there are particulars before the Board it is considered.

109. Then the price paid to Mr. Douglas may have made the price to the settlers too high?—I do not think so; it is the cost and expenses with which the land is loaded that makes the high price.

110. Why was this land loaded?—It was loaded for the purposes mentioned in the Act.

111. Has it been loaded in excess of the actual requirements for roads, &c.?—I would not say that. I have very little knowledge of what has taken place since in regard to this estate as to its loading. I have been very much away from Wellington, and it has not come before me.

112. This is not clear; but it is very important?—Yes; it is very important.

113. What I want to know is this: If nothing has been put on the land in the way of loading except for the requirements of roads, and the price complained of by the settlers is too high, may not the price paid by the Government for the land be the cause of that?—If you put it that way, the natural corollary to that is that the price would be too high; but I do not admit your premises.

114. Would you give as much for land that had no roads as you would for land, the qualities being equal, that had good roads about it?—No, certainly not.

115. *Hon. Sir Robert Stout.*] You handed in among the list of purchases that of Te Anaraki that does not appear to have been bought until after the Conical Hills was discussed?—It is easily explained. As I came back from that meeting of the Board where we discussed the Pomahaka case, I arranged with the owners of Te Anaraki by telegram. The whole matter was completed before I got back to Wellington. An offer was made which they refused; an offer was then made which they accepted, so that it was as much a contract as if the money had been paid.

116. *Mr. Scobie Mackenzie.*] You said the reason why the Conical Hills was not purchased was that you had no money. If so, why did you bother Mr. Shennan and make him an offer, if you knew you had no money?—There was no intention to bother Mr. Shennan or to give him trouble. We retained the hope that we might acquire it afterwards. Who was to know what might come of it if he made an offer?

117. You have stated that you had not sufficient money to buy: you knew that the Bill to enable you to exchange was killed on the 27th of September; then why did you write on the 28th wanting him to sell—if the Minister would negotiate on that basis?

118. *Hon. Sir Robert Stout.*] If you did not intend to buy because the money was not there, what was the use of writing that letter?—If we found that Mr. Shennan was prepared to sell, it might be postponed for next year or for a few months. I have not seen the Conical Hills papers lately.

119. *Dr. Fitchett.*] Would it be according to official etiquette to let him know that you had not the money?—No.

120. Did you never get a reply from Shennan?—If there was a reply it is on the file; there is no reply that I have any knowledge of myself.

121. With respect to this question of loading the land, had you all the prices and figures before you when you determined to recommend the purchase of the land?—We had estimates made.

122. *Hon. Sir Robert Stout.*] The loading amounts to £1,500?—It was actually estimated at from 4s. to 5s. an acre.

123. *Mr. Mackintosh.*] Is it not usual to set aside a part of the price of the land to provide for the loading?—In nearly all cases blocks are loaded for roads and other things.

124. You do not know how much was reserved in this case for the construction of roads?—I could not tell the exact amount of loading; the information is not difficult to get, but I cannot tell you right off what it is.

125. *An Hon. Member.*] There is a telegram from the Commissioner in Dunedin, relating to a letter in the *Otago Daily Times*?—The whole of the papers that I know of are on the file.

126. Well, you loaded the land with all these things and you also loaded it for contingencies?—Something was put in for contingencies—such as in the case of changes of lessees, some lands are vacant for a time. A small percentage is put in for anything of that kind.

127. Then, as regards the dissatisfaction on the part of the tenants, has not a great deal of land been put on the market of late in Otago?—The Government has put a good deal of bush-land into the market at Catlin's, and Logan's land was coming into the market at the same time.

128. *Mr. Scobie Mackenzie* : That is since the purchase of Pomahaka.

129. *Dr. Fitchett.*] But the fact remains, would not the quantity of land put on the market have the effect of lessening the price?—I think there is no doubt of that; the fact that Mr. Logan's estate was coming into the market would have an effect on the sale of land—there can be no doubt about that.

130. Have you anything to show to what extent Pomahaka was applied for in the first instance?—The exact figures can be given; they can be supplied to the Committee.

FRIDAY, 21ST SEPTEMBER, 1894.

HON. JOHN MCKENZIE examined.

1. *Dr. Fitchett.*] You name is John McKenzie, and you are Minister of Lands?—Yes.

1A. I want you to tell the Committee briefly what you personally had to do with the Pomahaka purchase, when were you first spoken to about it?—As far as I can recollect the first time I was spoken to about it was about ten months before Mr. Douglas made his offer of the property to the Government.

2. Who spoke to you then?—Mr. Douglas; he met me in Palmerston, in the street, and said he had a property down South that he could offer to the Government. I told him that if he had such a property his proper course was to make the offer to Mr. Maitland, the Chief Commissioner of Crown Lands in Dunedin. I drew his attention to my public advertisement, which appeared about that time, asking people who had property that they wished to dispose of to the Government to make their offer to Mr. Maitland, in Dunedin, and to Mr. Marchant in Christchurch. I had no other communication with Mr. Douglas in connection with his property that I remember.

3. What next?—The next thing I heard of it was, Mr. Thomas Mackenzie came to me one afternoon in the House—

4. Last session?—Yes; last session. During the time we were answering questions in the House, he came across to me from his seat, and said that he had a petition which he had just received from some people in his electorate, praying for the purchase of land for settlement in that part of the country. I asked him whether the petition was for me or for the House. He said it was for me. I then asked him to bring it to my office.

5. Can you fix the date of that?—I have no recollection of the date. I remember the circumstance of Mr. Thomas Mackenzie coming across the floor of the House to me.

6. Was Mr. Douglas's name mentioned?—I do not think so; I do not remember if it was. The next thing I remember was that Mr. Thomas Mackenzie brought the petition to my office in the Government Buildings, where he handed it to me. I believe Mr. Barron was in the room.

7. Do you remember what was said?—I could not possibly remember what was said; but I remember Mr. Thomas Mackenzie saying that land was required in the district for settlement. It would be impossible for me to state all that passed between myself and Mr. Thomas Mackenzie on that occasion. I cannot tax my memory as to what passed; but I am sure I told him that I would refer the matter to the Land Purchase Board of Commissioners.

8. Do you remember doing so?—I handed the petition, as far as I can recollect, to Mr. Barron and told him to take the usual action in the matter.

9. Did any conversation take place between you and Mr. Barron at the time?—Possibly there might have; I do not recollect everything that may have passed. I cannot charge my memory, at this time, as to what conversation may have passed between us. Of course, Mr. Barron would be in my room about some other business. As far as I recollect, I think he was in my room standing by the fireplace when Mr. Thomas Mackenzie handed me the petition. I think it was so. He took no part in what Mr. Thomas Mackenzie and I were saying, but I think I saw him and Mr. Thomas Mackenzie together in connection with some road-works at Catlin's River.

10. Then Mr. Thomas Mackenzie did not come for the purpose of presenting the petition?—I think he had some other business—some road business; he pulled the petition out of his pocket with other correspondence.

11. Have you any means of fixing the date when you gave the petition to Mr. Barron?—I could not possibly fix the date.

12. Was it the day that Mr. Thomas Mackenzie gave it to you, or later?—I think it was that day. I cannot fix the date, but I think it was very probably that day—but it might have been later, I could not say now. You must remember this, that at that time the House was sitting, and I had a lot of things to do and attend to; members were continually calling on me. It would be impossible for me at this time to remember exactly what happened on that occasion, especially when I looked on it as an ordinary act of administration, such as I had to deal with every day.

13. After giving the petition to Mr. Barron, what next?—I remember Mr. Barron bringing me the order to sign that the land should be inspected—in fact, to comply with the Act.

14. You cannot fix the date of that—but it is fixed by the document itself?—No, I could not.

15. The next thing was to get the recommendation to forward to the Governor to purchase the land at £2 10s. an acre?—That went to the Executive Council; after that, Mr. Percy Smith would be instructed to make the Government offer of £2 10s. for the land.

16. And after that?—Some considerable time after that—some days, at any rate—Mr. Percy Smith came to me with a request made by Mr. Douglas to raise the price. I declined to move from the price fixed by the Board, and put a minute to that effect on the paper.

17. Then, after that?—I understood, some time after that, that Mr. Douglas had accepted the offer of the Government, and that the purchase had been completed.

18. Had you any personal connection with this purchase at any time?—None whatever.

19. Had you any other communication with Mr. Douglas except that which you have

mentioned?—I had no communication with Mr. Douglas of any sort in connection with this, except what happened nine or ten months before he offered the property. That was the time I had my advertisement in the papers.

20. Had you any communication with him after the purchase was concluded, but before the money was paid?—I have no recollection of having seen Mr. Douglas at all on the subject; in fact I did not.

21. Do you remember whether he sent a telegram to you?—I remember getting some message from Palmerston. He was in a hurry about getting the purchase-money paid. My house is connected by telephone with the Palmerston office, and also with the Palmerston Railway-station. I can recollect that my secretary brought me a telephone message received from Mr. Douglas, with regard to the purchase-money. There was some delay about it.

22. Did you do anything about it?—I telegraphed to the department in Wellington about it.

23. This is the telegram, 25th October:—

“A. Barron, Esq., Government Buildings, Wellington.

“Just received communication from Mr. Douglas, Mount Royal, re the payment of the purchase-money of the Pomahaka Downs Estate. Kindly see that this is paid at once; and send me wire how matter stands.

“25th October, 1893.”

“JOHN MCKENZIE, Palmerston.

23A. Did you get a reply to that?—I do not remember any reply.

24. There is a copy of your reply here, dated the 28th [Reply read]:—

“Hon. John McKenzie, Minister of Lands, Palmerston.

“THE Treasury promises to send cheque on account of Mr. John Douglas’s purchase by first mail. Delay has been in Treasury and Audit, on account of necessary forms and Orders in Council.

“28th October, 1893.”

“A. BARRON, Wellington.

That is by Mr. Barron: but you do not remember getting it?—I had an average receipt of from fifty to sixty telegrams a day at that time; I could not possibly remember all I got, of course.

25. Mr. Douglas did not see you about it?—To the best of my recollection it was a message to my secretary. It came to him; he would answer the telephone. I remember his coming to me with a piece of paper in his hand, with the message in shorthand notes. It was never written out in longhand, as far as I recollect. He read the message in his shorthand notes to me.

26. We have it in evidence that on the 21st of August Mr. Barron instructed a preliminary inspection of the land to be made by a surveyor. Do you know anything about that?—No, I do not know. The first recollection I have is that of Mr. T. Mackenzie bringing me the petition.

27. Would Mr. Barron see you about the 31st August?—When the petition was presented.

27A. That was the first time the matter was brought under your notice when Mr. Thomas Mackenzie presented the petition?—Yes.

28. Do you remember any communication with Mr. Ritchie?—None whatever; but if he said that we had had some communication I would not deny it. But I have no recollection of having any communication with him. I am satisfied I never had any communication with Mr. Ritchie in regard to taking any action in connection with this matter.

29. Did you make any attempt to influence the department in this matter?—No; none whatever.

30. Or the valuer?—No; none whatever.

31. Had you any communication with them?—No; none whatever. In fact, I did not know who the valuer was until I got the information from Mr. Percy Smith when he came to me in connection with the matter. I might say that I have avoided every transaction of this sort in connection with the purchase of land. I have always avoided communicating privately with any owner of land in regard to any offer made to the Government. I have received private letters from people who wished to sell their land, but I always sent them to Mr. Percy Smith and told him to apply to them.

32. It is in evidence that the Purchase Board met in Dunedin and made a recommendation in respect to the Pomahaka and the Conical Hills Estate—that they recommended the exchange of the Conical Hills Estate for land to be given by the Government, or the purchase of the Pomahaka land; that preference was to be given to the exchange of the Conical Hills for land to be given in exchange by the Government as against the Pomahaka purchase, and if the Conical Hills could not be exchanged then the Otago portion of the Conical Hills should be purchased?—I remember Mr. Percy Smith coming to me in my office and placing the whole matter of the two estates before me.

33. Could you not fix the date?—I cannot fix the date. We discussed the whole subject of the purchase of these two properties. Mr. Percy Smith brought me a statement as to the position of our funds in connection with lands for settlement. The whole fund is £50,000 a year. On every occasion when he came to me to purchase property he always brought with him a statement of the funds, at my request, so that we might know what we were doing, and not offer to purchase land when we had no money to pay for it. We discussed the Conical Hills and the Pomahaka properties. As far as I recollect—I do not recollect the exact figures at present—we came to the conclusion that we had no power to give Government land for that which Mr. Watson Shennan offered in exchange. We had no power to make the exchange, but I had a Bill before the House to give us this power; this, of course, I knew of my own knowledge.

34. Have you ascertained the date when that Bill was introduced?—I do not remember now, but we discussed the whole subject. I do not remember what position the Bill was in at the time; we discussed it in reference to these matters generally; we believed it would be a good thing to make this exchange if we had the power. My idea was that the Conical Hills was a good country

for small settlers. What was proposed was that the Government should give Mr. Shennan pastoral country in exchange for agricultural land that would be suitable for small settlers. By taking a portion of the Conical Hills I believed I could secure good country for settlement. Mr. Percy Smith told me that Mr. Shennan would sell it, but on looking over the funds at our disposal we found we had not sufficient funds by £10,000—that is, we were £10,000 short of the amount required to effect a purchase. Then, again, there was at that time no direct offer to us, other than that he was prepared to sell. He named no price.

35. And you required that amount?—Yes, we required to have the money before we could negotiate. There was another question that influenced our decision at the time. It was this: that it would not be right, in the interest of the public, to spend the whole of our money in one district. It would take nearly the whole of a year's money to purchase this Conical Hills property. Owing to the demand for land for settlement in other parts of the colony, and that the money voted for that purpose should be distributed as widely throughout the colony as possible, we chose the Pomahaka property, because we could purchase for less money, and that we would in time have other money for the purchase of other lands.

36. I have here the report to the Governor from the Board. It is dated the 14th of September, and is marked, "Received by the Governor 3rd October." Why should it have been a fortnight in going to the Governor?—A paper might be lying in the department for two or three days before it would go to the Governor. There might be various causes for that. It might be lying at the Governor's some time. The Governor might keep a paper a few days before returning it.

37. It was not before the Governor, as he tells us, until the 3rd October?—I suppose that is so. I have no doubt that is correct.

38. So that it lay somewhere for more than a fortnight?—Yes, I suppose that is so.

39. Mr. Percy Smith has told us that he wrote a letter to Mr. Shennan saying there was no power to exchange the Conical Hills, and that nothing could be done until he made a formal offer. Was that letter sent under your instructions?—It is very likely—I do not remember. It is very likely that, after we had discussed the matter, I would instruct him to write to that effect. I might say this, in connection with Conical Hills: that I had hoped, if this Bill passed the House, we would be able to get the Conical Hills by exchange. I did not want to put the chance of an exchange for the Conical Hills off altogether. I hoped to get the Bill through the House, and then effect an exchange with Mr. Shennan. In that case we would not require any money; it would be land for land. I thought it would be a good thing to get agricultural land for pastoral land which never could be anything else than pastoral land.

40. The Bill was killed on the 28th of September, the day that Mr. Percy Smith writes to Mr. Shennan: that being so, can you tell us why it was suggested to Mr. Shennan that a formal offer of sale should be made if you had no funds available for the purchase? [Letter read.]

"28th September, 1893.

"SIR,—

"*'Land for Settlements Act, 1892,' and Conical Hills Estate.*

"I have the honour, by direction of the Hon. Minister of Lands, to inform you, in reply to your letter of the 20th July last, and also that of the 18th instant, offering your estate at the Conical Hills to the Government under the Land for Settlements Act, that he regrets there is no power at present which would enable him to effect an exchange of Crown pastoral lands for your property. Your letter of the 18th instant, while expressing your desire to adopt the alternative of selling the estate out and out if the Minister should consider it advisable to treat with you upon that basis, does not mention the terms on which you are prepared to sell. It has been anticipated that the value which has been put on the property by the Board of Land Purchase Commissioners is such that you would not be inclined to accept it, and, consequently, nothing will probably come of the negotiations; but until you have made a definite offer the Minister is debarred from considering the case.

"I have, &c.

"S. PERCY SMITH.

"Watson Shennan, Esq., Conical Hills, Pomahaka, Otago."

—I might do so with the view of holding it over for another year. Mr. Percy Smith, no doubt, had some reason for saying it.

41. Is that the full account of all you had to do with the purchase of this land of Pomahaka?—All that I recollect. If there is anything else you desire to know I will tell you if I can.

42. At the election, do you remember Mr. Scobie Mackenzie's speech at Palmerston?—Yes.

43. And his remarks about the Pomahaka purchase?—Yes.

44. What did you infer from those remarks?—I inferred that it was a charge of corruption against myself by way of insinuation.

45. Do you know that that conclusion was arrived at by others from those remarks as well as yourself?—There is no doubt about it.

46. Why?—Because people told me so. Mr. Scobie Mackenzie's friends stated so distinctly.

47. As it was a charge of corruption, did you treat it as such?—Yes.

48. Did you in your speech treat it as a charge against yourself?—Yes.

49. Had you any communication with Mr. Douglas after the delivery of Mr. Scobie Mackenzie's speech?—I think I asked my secretary to communicate with him, and ask what all this meant. I do not remember what my secretary wrote.

50. Did you hear from Mr. Douglas in reply?—Yes; he sent me a letter.

51. We have it in evidence. Did you read the newspapers at the time?—The *Otago Daily Times*, the *Star*, and *Witness* said it was a job, and that I was a party to the job.

52. You have no doubt about that?—Not the slightest.

53. Did you in any way receive remuneration or any advantage to yourself from this purchase?—None whatever.

54. *Mr. Scobie Mackenzie.*] I think, Mr. McKenzie, that in your speech in Palmerston, in answer to what you call the charges made against you, you said that Mr. John Ritchie had nothing whatever to do with the purchase and sale of Pomahaka?—Yes, I said so; so far as I know, of course.

55. It has been given in evidence before this Committee that the department in Dunedin was set in motion to inspect this land by Mr. Barron, at the suggestion of Mr. Ritchie. Was that with your knowledge?—No.

56. It has also been given in evidence that Mr. Barron did this without the authority of Mr. Percy Smith, his superior officer. Mr. Percy Smith is his superior officer, is he not?—Yes.

57. Mr. Percy Smith is a member of the Land for Settlements Purchase Commission. Was that the regular course of action for an officer of the department to take without your knowledge?—It is occasionally done in cases of this sort to get the preliminary information and bring it before me. If he was aware that such an offer was to be made he would, by a preliminary letter or action of some sort, cause inquiry to be made, in order to see whether it was worth while investigating the other conditions of the land or not. In land-purchasing you will find in many cases that we get preliminary inquiry made, to save going into the matter fully at considerable expense.

58. In your evidence you have stated that numberless applications to sell land are sent to you, but that you invariably hand them to Mr. Percy Smith?—Or to Mr. Barron; both of them are officers that have access to me, and by whom all documents would be brought to me—sometimes by one and sometimes by the other. It is quite possible, in some cases, I would hand to either of them a letter instructing him to make the necessary preliminary inquiry. The inquiry would be made by the department.

59. You did not do so in this case?—I do not know anything about it.

60. Is it usual for Mr. Barron to do that at the suggestion of an outsider in a matter of this importance?—I do not suppose it is a usual thing, but it is sometimes done.

61. Can you give me another instance?—I would require to have the papers here before me. It is quite possible that both of them would come in and say, "We have an offer from so-and-so; we have made inquiry, and find that the land is not suitable to purchase." The matter would then drop, and the owner would be informed that the land he offered was not suitable. That would end the matter. You will find there are a number of cases of that sort where that answer has been sent.

62. Now, this was on the 21st of August. The petition was presented on the 30th. Do you not think it was somewhat irregular or improper for the department to forestall you in this matter, seeing that you had to declare publicly that the petition was the first you heard of it?—I cannot see that there was anything irregular or improper in a responsible officer of the department making a preliminary inquiry.

63. Would you be able to tell the reason which induced Mr. Barron to set the department in motion in the way he did without the knowledge of his superior officers?—I suppose he felt it to be necessary to do so.

64. Was it Mr. Ritchie that induced him?—I would like to have Mr. Barron's explanation before answering that question. Mr. Barron is high up in the service, and he is continually advising the Minister—every day. I would not condemn his actions without knowing his reasons.

65. He has given it in evidence that he set the department in motion because Mr. Ritchie asked him.

The Chairman: That is hardly the true position, and the question is scarcely put in a fair way. The department was sending down a person to inspect the Conical Hills Estate. In a conversation between Messrs. Barron and Ritchie, the Conical Hills cropped up: as there was a person on his way to inspect the Conical Hills, Mr. Ritchie said that it might be as well if he would inspect the other also—to inspect both to save expense.

Witness: In that case, a preliminary inquiry as regards Pomahaka would do no harm, and as it would save expense he was justified in doing it.

66. *Mr. Scobie Mackenzie.*] Justified in doing it. How so?—Mr. Barron is a responsible officer of the department, and has a great deal to do with these things.

67. Is not Mr. Percy Smith a more responsible officer?—In one branch of the department he is.

68. Is not Mr. Percy Smith President of the Land Purchase Commission, and therefore more connected with these things than Mr. Barron?—Mr. Barron is Under-Secretary of the department. Mr. Percy Smith is Surveyor-General: he is a member of the Purchase Board by virtue of his office. Frequent communication goes through the hands of Mr. Barron to the Surveyor-General.

69. Then you say it is entirely regular that Mr. Barron should set the department in motion at the suggestion of Mr. Ritchie?—Yes.

70. Without consulting you or Mr. Percy Smith?—Not at Mr. Ritchie's suggestion, unless he had some other grounds for his action authorising him to go on. If he knew that this property was to be offered, he would be justified in instructing Mr. Adams, who was going to Conical Hills, to go to Pomahaka to look at the land and report.

71. Do you think that Mr. Ritchie was actuated by motives of public economy in making the suggestion?—I could not say. I could not tell you what his motive might be.

72. Mr. Adams was going to inspect this land. Does he travel free by railway?—That I cannot tell you.

73. Is he not an officer of your department?—I could not tell you whether he has a pass or whether he charges his railway fare to the department. Mr. Adams being an officer of the department in Dunedin we pay his expenses when he travels.

74. In your speech in Palmerston you said that you took action in this matter as the result of a petition sent in by the settlers. Do you remember that?—When I read your speech I had no recollection of the circumstances; but when I came to my own house at Shag Point I telegraphed

to the department to send me the file of papers. The file came to my house—before making reply to your speech. What I stated was from this file of papers, that the first action taken in the matter by me was when Mr. Thomas Mackenzie brought me the petition.

75. You say you took action in consequence of the petition from the settlers: is that so?—Yes; that was the first I heard of it.

76. You took action, you say, in consequence of a petition presented by 301 settlers, and it would not do to treat settlers with scorn and contumely?—I acted in consequence of Mr. Thomas Mackenzie coming to me in regard to this matter with a petition from the settlers. I sent the petition on to the department: that was my first action. I might tell you that if Mr. Douglas had offered the property to the department for sale through the usual channel, inquiries would have been made about the property supposing that no petition ever was there.

77. But you acted on that petition?—I sent it on to the department.

Dr. Fitchett: He sent the petition on: that is all he said.

78. *Mr. Scobie Mackenzie*.] Did you read the petition when Mr. Thomas Mackenzie handed it to you?—I could not remember whether I did then or afterwards. I do not think I read it when Mr. Thomas Mackenzie handed it to me—he had some other business with me at the time. He gave me the petition and told me about it. I laid it down one side of my desk. It is very likely I would finish the business he had with me first. I remember I was very busy that day. Mr. Barron was waiting with some papers to be signed about other things. I cannot say whether I read the petition then or afterwards.

79. When did you read it first?—I have no doubt I read it before finally handing it over.

80. Do you know how this petition was got up?—No, I do not. The first I knew about it was when reading Mr. Douglas's letter in the newspaper.

81. Do you remember saying this, when making your Palmerston speech: "that Mr. Scobie Mackenzie should be called on to apologize—that you would lay every document connected with this matter on the table; that you challenged Mr. Scobie Mackenzie's friends to inspect the documents, and if anything was wrong you would bear the odium; but, if everything was honest and straightforward, then Mr. Scobie Mackenzie should be called on to apologize"? Now, what did you lay on the table?—The whole file that came to me from Wellington; in fact, I read the petition—

82. Did you lay the petition on the table?—Yes; I laid the petition on the table.

83. Did you have no suspicion then or previously as to the manner it was got up?—None whatever. [Petition read.]

84. When you read this part of the petition, "That land thus capable of cultivation affords, over and above the advantages of ordinary grazing, facilities for artificially feeding, rearing, and growing fat lambs for export, as well as for fattening off at an early age the class of long-wool sheep for freezing, now most fashionable as well as profitable." When you read about these "fashionable" sheep did you think that came from the Pomahaka settlers?—I did not know who it came from; I did not think anything about it. I am quite used to these "flowery" petitions: I thought it was "flowery" language.

85. Did you have any doubt about where it came from, when you read the description of the property: "The land, to be well suited for close settlement, should not only be of fairly good and ploughable quality, so as to give comparatively quick and fairly profitable returns without much previous waste of time and outlay; but should also possess good aspect, climate, and natural shelter; should be pretty centrally located, well watered, and readily accessible by road and rail; should be handy for obtaining sawn timber for building and other purposes, as well as obtaining firewood or lignite for fuel. That a property possessing the above qualities, and maiden soil, is located almost in our midst, and could, we believe, be secured by your Government on reasonable terms, viz.: The Pomahaka Downs, the property of Mr. John Douglas, Mount Royal, Palmerston South, and containing about 7,500 acres—say, 7,500 acres. This property fronts the Pomahaka River, and bounds with the Clydevale Estate, and embraces the Burning Plains, the balance being rolling downs, affording shelter, and intersected by numerous running streams, the aspect being north-east." When you read that, had you any suspicion where the petition came from?—I find according to my experience that in every district there is a man equal to the occasion to be found to write this sort of thing.

86. And you found there was such a man in Pomahaka. Do you suggest that no such petition was ever written by the settlers in this country?—The wording of a petition does not affect me so much as the number of signatures; if you look at them you will find that they are *bonâ fide*. I do not conceive 301 settlers would be got together to sign such a petition unless there was a demand for land in the district.

87. You laid that petition on the table, and you challenged my friends to come up and examine it and see if it was plain and straightforward, and if not you would bear the odium. You say you do not know how it was got up. It has been given in evidence that the getting-up was suggested by Mr. Wright?

Hon. Members: No, no.

88. It is stated that the petition was written by him and received by his agents, or, rather, by the agents of the second mortgagee, was type-written by certain persons in the employment of the same mortgagee, and sent down to his local agent for signature—or rather, two copies were sent; that the local agent was instructed to get signatures to one copy, and the other copy was given to a person to go about the country and get signatures; that this person was engaged two or three weeks at that job; that he got £12 for his labour, horse-hire, and expenses. Had you known all that, would you still have said that the petition was straightforward and honest, and that you staked your credit upon it?—What I stated was, that my actions in regard to this matter were straightforward and honest; as to what action any one else took I cannot say. The charge made by you was not against Mr. Douglas, but against me.

89. You say you laid this among other documents on the table, and you challenged my friends to come and examine them, and if there was anything not straightforward and honest you would bear the odium?—So far as I was concerned.

90. Had you known how this petition was got up would you have staked your credit upon it?—As far as I was concerned, certainly.

91. Would you have thrown it down on the table?—I threw down the whole of the papers connected with this matter. I said: "Here are the papers connected with this purchase of Pomahaka, and, so far as I am concerned, if there is anything wrong I am willing to bear the odium."

92. Is there anything wrong there?—Nothing, so far as I am concerned.

93. I am perfectly willing to accept that; but if the documents are found to be not only not honest, but extremely dishonest?—That is not for me to say; that is for the Committee to say.

94. Had you known how this petition was got up, would you then consider the petition as you threw it on the table a straightforward and honest document?—So far as I am concerned, I would.

95. Would you have considered this petition a straightforward and honest document?—The petition was not the only document there, there were other papers as well: As to the petition, I did not refer to the petition specifically, I referred to the whole file of papers; that reference was strictly correct, so far as I was concerned.

96. Would you be inclined to make an exception in respect of this petition?—No; I could not. I would put the whole of the papers on the table, and allow every one to judge for themselves.

97. If you were speaking again on this subject, would you repeat what you have said, that Mr. Ritchie had nothing to do with it?—Nothing, so far as I know.

98. With the knowledge you have now, would you say so?—So far as Mr. Ritchie is concerned, that is a matter for the Committee. I could not say what Mr. Ritchie might have done. I can only say I knew nothing about it. If Mr. Ritchie had anything to say in it you could send for Mr. Ritchie and ask him.

99. If Mr. Ritchie admitted that he set Mr. Barron in motion, and that Mr. Barron set the department in motion, as the result of what Mr. Ritchie said to him, would you then say that Mr. Ritchie had nothing to do with it?—He had nothing to do with the purchase: the purchase was made by me: Mr. Ritchie never influenced that in the least. I was entirely guided by the Board, which the law provides for the purpose.

100. When the sale came off, was it in your opinion a success?—I think so. It might have been more successful. On the whole, I do not think there is anything to complain of. I believe that the property would have gone off better, only for the fact that it was cried down by yourself and others, so that a large number of people would not go and look at it.

101. I find among the papers a "confidential" communication from you to Mr. Maitland in which you say to him: "Try and induce the unsuccessful candidates to go in for the remaining sections." Is that so?—Possibly; I do not remember; if that is in the document I have no doubt it is correct. [Telegram read; dated 21st of February, 1894:—

"Commissioner of Crown Lands, Dunedin.—CONFIDENTIAL.—*Re* Pomahaka Estate. Minister desires you would endeavour to get unsuccessful applicants to apply for the rest of the sections. Kindly wire after five the result of the ballot, and what new applications have been made up to then.—A. BARRON, U.S."]

Witness: I have no recollection of the paper; it is possible that I said so. I was anxious to know how the sale was getting on. There was a large number of applications for some of the sections. It is just possible I may have communicated with Mr. Maitland on the subject.

102. It is marked "confidential," from Hon. Mr. McKenzie to Mr. Maitland. What could Mr. Maitland do to induce the unsuccessful candidates to take up the remaining sections?—He could tell them what sections were unsold. He did not probably know, as I knew, that there was so much opposition to the success of the sale; he did not know, perhaps, that you and your friends in Dunedin—in Bond Street—were doing everything to make it a non-success. I was endeavouring to make it a success, and for that reason I would probably communicate with Mr. Maitland, and ask him to do what he could to induce the unsuccessful candidates to take up the remaining sections. You were writing articles in the newspapers against it—

103. Remember, Mr. McKenzie, that you are on your oath?—You were writing in the newspapers. I know your articles when they appear; your style is, perhaps, as well-known as Mr. Douglas's.

104. You say you knew my articles? I will ask the Chairman to produce those articles.

Witness: Well, put it this way: I suspected you were writing them.

105. *Mr. Scobie Mackenzie*.] That is a very different matter. But, suppose he did get unsuccessful candidates to choose the remaining sections, why mark such a communication "confidential"?—In order that it might go direct to his hand. Sometimes letters written to the head of a department are replied to by officers of departments; officers open letters communicating intelligence of various matters, which causes some delay. It is done that the communication may reach the hands of the person for whom it is intended direct. If I wanted to keep it private it would not be on the file. This is done every day. If I want to communicate with an officer, so that the communication would go straight to his hand, I would put "confidential," or something of that kind, on it.

106. Did you send any other inquiries asking whether there were any other sections, and, if so, were these inquiries "confidential"?—I could not tell you. The *Otago Daily Times* was writing down the purchase of this land in the same way as the *North Otago Times* was writing down the Te Anaraki property which we purchased near Oamaru, and for which there were only two or three applications the first day. The Te Anaraki property is now all taken up, since the false statements of the paper were disproved by people going to look for themselves. If it is any

source of pleasure to you, I tell you candidly that owing to the extreme action that was taken to run this Pomahaka property down, it took more than ordinary efforts on my part to get it cut up and settled. To meet this extreme action, it was necessary for me to take equally strong action on the part of the Crown which purchased this property, and in whose interest I was working as Minister of Lands, to prevent the consequences that might be expected from such action on the part of those who ran the property down.

107. Was it your object to get people to take land which they did not want?—There were a number of people wanting land who could not get it the first day of the sale; they could not be all successful; those who were unsuccessful the first day would, many of them, apply for sections the following day. This is a very usual occurrence.

108. Coming now to the Conical Hills Estate. The Board passed a resolution preferring the Conical Hills to Pomahaka, and there was some doubt as to whether Mr. Shennan would sell. Did it not occur to you to wire to Mr. Shennan, and ask him whether he would not sell, when you were in conversation with Mr. Percy Smith discussing the question whether Mr. Shennan was likely to sell or not?—I have told you that we had not money enough to buy the Conical Hills Estate if it was offered to us for sale. The action taken by Mr. Percy Smith was with the view of not throwing off the Conical Hills altogether, in the hope that we would get it at a future time.

109. When you saw that you had not money enough to buy, why send a letter asking him if he would not sell?—That was done for the sake of not throwing over the Conical Hills altogether, because we hoped to get it at some future time.

110. Did it occur to you to wire to Mr. Shennan asking him if he would sell a part?—I cannot tax my memory. Evidently Mr. Percy Smith did not.

111. You did not ask him?—Not that I recollect. Whatever was done it was done through Mr. Percy Smith.

112. He says it never occurred to him to ask Mr. Shennan whether he would sell a part, and it does not seem to have occurred to you either?—No.

113. Did you write a letter to the newspapers stating that there was no loading on this land except what was required by law?—I think I saw a statement in the *Otago Daily Times* signed by a "A Settler." The Commissioner published a telegram, which he received from Wellington, in reply to that letter of the "Settler." I saw the letter in the paper. There were certain facts referred to not in accordance with the law. I got the department to prepare a correct statement of the facts, and to telegraph them to Mr. Maitland, so as to contradict the statement which had been made in the papers, so that people might know that the previous statement was not correct. I did so because I felt that it would deter settlers from applying for or going on the land.

114. Then what you contradicted was the statement that there was no loading on the land except what was authorised by law?—I sent what was sent to me by the department.

115. Now, is there no loading on the land except what is authorised by law?—The department will give you the correct statement.

116. I agree with that, provided there was no extra loading?—The cost of the land to the settlers is the money paid to Mr. Douglas, *plus* the cost of roads and administration. That is, the first expense in connection with it, added to those costs and the purchase-money; then the cost of the reserves—there are two education reserves and a large lignite reserve; then the value of the roads, and the value of the land which is used for the roads themselves. There would be added to this interest from the time the purchase was made until the land was disposed of, and, of course, the cost of roading.

117. That would be 14s. 11d. All these, you say, were necessary and desirable?—In fact, it was the law.

118. All according to law, was it?—Yes.

119. You say that in my speech you were charged with corruption?—Yes; by insinuation.

120. What do you mean by corruption?—In this case it was quite clear that it was done to damage my election. You said on the eve of the election that Mr. Douglas held a large property with a number of people on it, and that this purchase was made to influence the election.

121. You have said that Mr. Scobie Mackenzie in his speech charged you with corruption?—Yes; by insinuation.

122. We will see; I will read portions of that speech; I say: "Let it be clearly understood I am far from suggesting corruption in connection with my opponent in this contest. I say again that I do not even include him among the political players. 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 downright bad purchase, a much worse one than Cheviot. I only know the land by repute, but it is a cold, ungenerous soil. It is purchased on the eve of a general election. The owner of it is an influential man in this immediate neighbourhood. He employs a number of men, and may influence a number of votes. His nephew is head of one branch of the Minister's department. The land has been for sale for years. I heard it myself offered for sale at the same price, I think, ten years ago. It has been rented for a long time at 6d. per acre rent, which is 5 per cent. on a capital value of 10s. per acre. I believe even at that rent the land was about to be thrown up. Now, all these things may be mere isolated facts—there may be no connection between them at all." Then again: "But a Minister's mind may be influenced unconsciously by the pressure of his friends, by the fear of his enemies, by fifty circumstances which have no direct connection with corruption, but which may lead in that direction." Might not that be so?—It may be so.

123. May not a Minister's mind be influenced by the pressure of friends?—What a Minister's mind might be influenced by I do not know, but I know that my mind was not influenced in that way.

124. May not such be the case?—It was not so in my case.

125. May not a Minister's mind be unconsciously influenced by the fear of enemies?—I never feared my enemy. What any other Minister's—any weak Minister's—mind might be influenced by I do not know; but I know that my mind was not.

126. Fifty circumstances which have no direct connection whatever with corruption might influence a Minister's mind?—There is no use saying what might influence the mind of a Minister. I know that I was not influenced. There is no use you taking a little piece of the speech here and there. I read the whole of it right through.

127. Is it not the fact that once when the proposition was made to put a member of Parliament on the Land Purchase Board the House struck it out?—Yes.

128. Why did it do so?—Various members no doubt had various reasons—some of them did not want to be troubled with it, others did not know anything about land. There were various reasons for it.

129. Was any reason given that pressure was put on them by their constituents?—I do not recollect.

130. Did any one say so in the House?—They might have.

131. Is it not the case that pressure is frequently brought to bear on Ministers?—A good deal depends on what the matter is. There is no doubt that there have been Ministers upon whom pressure has been brought, or had pressure put on them; but that will not apply to the present Minister of Lands.

132. Can you show me any section of the speech in which you are charged with corruption?—It is done by insinuation. On the eve of the election.

133. Was it done on the eve of the election?—It was before the election.

134. When?—Before the election.

134A. The owner of this property was an influential man in the district?—I do not suppose he was so, as far as politics were concerned—so far as politics are concerned he has no influence at all; he is not even in my electorate; he is in Mr. Green's electorate. Mr. Douglas got his name transferred to the Waihemo roll after Mr. Scobie Mackenzie had made his speech.

135. How do you know?—I heard so.

136. Who told you?—Some of my own committee in Palmerston.

137. Mr. Douglas employs a large number of men, does he not?—Yes.

138. He might influence votes, might he not?—He might, but I do not suppose he would influence many.

139. His nephew is at the head of one branch of the Minister's department, is he not?—Yes.

140. Mr. Douglas's land had been for sale for some time?—I do not know.

141. These are all the facts; now comes the concluding sentence; but it is on all these facts that you base your opinion that I had charged you with corruption?—You were misleading the public, there is no doubt about that; you were misleading the electors. Taking your speech all over, there could be no other construction put on it. I do not think you believed it yourself; but, for election purposes, you made the most of it, and did your best to make it appear that I was corrupt.

142. Did you see the reports that came in from the officers of the Land Department down South?—Yes, some of them; I might not have seen the whole of them.

143. Do you recollect a report from Mr. Maitland to the effect that the settlers complained that the land was too high in price?—Yes.

144. There was another report from Mr. March to the same effect?—I do not recollect. There is no doubt that the minds of the settlers of Pomahaka had been poisoned by you and by your friends, and that you made them discontented.

145. You mean my speech?—Not that speech alone, but the *Otago Daily Times*, *Star*, and *Witness*; most of it came from Bond Street. You cannot deny that you pay visits to Messrs. Murray, Roberts, and Mr. J. M. Ritchie's.

146. I do not think you ought to make such a statement as you have now made on oath?—I say that the minds of the settlers have been poisoned by the continual irritation kept up by the press in Dunedin in connection with the purchase of that estate, and that it was all done to make it a failure.

146A. Speak in general terms, if you please, and do not refer to me?—There have several reports come to hand relating to purchase, which I do not see unless I ask specially for them.

147. *Mr. Mills.*] Is there anything in Mr. Ritchie's engagement that would prevent him mentioning to you whatever he knew about the property?—Knowing his uncle's property he would probably know all the circumstances connected with it; if he had had a letter from his uncle saying that he wished to sell the property, I suppose he would be justified in mentioning it.

148. There would be nothing in his engagement to the effect that he should not mention it?—I do not think you should bind any officer to that degree that he should not do any private business.

149. He would not do anything, I presume, to influence the Board in their decision; or he could not do anything of that kind?—No, certainly not.

150. *Mr. Hall.*] Did you suspect that the signatures to this petition were not genuine signatures?—The various handwritings would show that the signatures of the men who signed were genuine.

151. Did you think that the signatures, being *bona fide*, that would be a fair expression of their opinion?—Yes; I do not think that any man would sign a document unless it was a fair expression of his opinion.

152. *Mr. Green.*] Were you aware at the time Mr. Thomas Mackenzie presented the petition

that action had already been taken?—I was not aware of it; I have stated so already. At the time Mr. Thomas Mackenzie gave me the petition, to the best of my belief, I would not swear it positively, Mr. Barron was standing with his back to the fireplace. I do not think he was taking any interest in what we were talking about. I think Mr. Barron was in my room when he came to the door. He wanted to see Mr. Barron, I think, in connection with roads in the Catlin's district.

153. You were not aware that action had been taken when the petition was presented to you?—No.

154. Did you think of the circumstance that Mr. Barron was in the room while you and Mr. Thomas Mackenzie were holding this conversation?—Mr. Barron would not interfere in any conversation between myself and a member of the House.

155. Did you hand the petition over to Mr. Barron to take action upon it?—I think I gave it to Mr. Barron, but I do not know whether it was to Mr. Barron or to Mr. Percy Smith shortly after, but I think it was to Mr. Barron I gave it. I would not swear positively, but Mr. Barron was there by my direction at the time, and it was probably to him I gave it; that is, to the best of my recollection. I do not think I would give him the petition without reading it; but it is quite possible. It is possible that two or three persons might be waiting to see me, or that before I could deal with this matter at all some other member of the House would come in, and take my attention from the petition at the time.

156. You have no recollection of Mr. Barron telling you that he had taken action before the petition was presented to you?—None whatever.

157. There was no hurry; there was considerable time between that and the action taken?—There was no hurry that I was aware of.

158. Was there no other case in which instructions were given to Mr. Percy Smith for a sitting of the Board to be appointed before the Governor signed the warrant?—There might be circumstances that would make it necessary to hurry the thing on. I am not aware of any. I could not tell, unless I was aware of the circumstances.

159. Does the Government give instructions before the Governor signs the warrant?—It might be done. A man makes an offer of his land, the department then makes inquiry as to whether the land is suitable or not. We have thousands of acres offered that would be quite unsuitable for settlement. It would be necessary to make preliminary inquiries in such cases.

160. I want to know whether you inquire before the warrant is issued?—It all depends on the circumstances surrounding each particular case.

161. In the case of the Pomahaka purchase it was signed on the day before he sent his warrant out?—It might happen the very day. It is nothing unusual; not at all. He might be two or three days away. It might be two or three days before it would come before the Minister in due course. It might be two or three days passing through the offices, or before it got to the Governor at all.

162. It is not unusual to give instructions before the Minister knows what is going on?—If they found it necessary in the interest of the colony. They might not be able to get the Minister's assent at the time, and they might have to do it without his assent.

163. Then it is not unusual for the head of a department to issue instructions and sign them before the warrant is obtained?—If the day he makes the recommendation, he signs it. It may be a day or two before the Governor gets it. The Governor may be in Auckland at the time. If you were to go over to Government House you might find papers which had been there for two or three days.

164. *Dr. Fitchett.*] As a matter of fact, the warrant is issued and it is acted on by the department?—It is a matter of form.

165. The Minister and the department know that?—It is a matter of form.

166. They would not refuse to take the necessary action?—You would first have to prove that the Governor had refused to sign the warrant. Sometimes it might be necessary.

167. Is it the custom for a subordinate officer to take action without conferring with his Minister, or saying what he had done?—So far as I understand this, it was a preliminary action entirely.

168. He had taken action?—You are talking about warrants. There could be no warrant without my sanction.

169. *Mr. Hogg.*] About the time you received the petition, before, or afterwards, were you interviewed by Messrs. Barron, Ritchie, or Douglas?—Not before I got the petition.

170. Were you interviewed before you got the petition by Mr. Ritchie?—I never recollect speaking to him until the purchase was completed.

171. If there was any influence at all you were influenced by the petition?—That came to me through Mr. Thomas Mackenzie.

Mr. Thomas Mackenzie: When I had the petition in my possession I believed it to be a thoroughly genuine petition; I knew many of the signatures.

172. *Mr. Hogg.*] Then you were influenced solely by the petition?—It was presented to me by Mr. Thomas Mackenzie. Mr. Douglas made an offer of the property, which was submitted to the Land Purchase Board. I exercised no influence with them or anybody else. I had no desire to influence anybody. The law required that instructions should be issued to the Board to investigate and give the particulars to me. That was done.

173. Did you do anything to influence the members of the Board?—I never had anything to do with them in the matter; nothing whatever.

174. The machinery of Government was acted in the usual way, and you had nothing to do with it?—Nothing whatever.

175. *Mr. Mackintosh.*] When you received the petition from Mr. Thomas Mackenzie did he direct your attention to anything specious about it?—No; he says so himself.

176. It seemed as if everything was *bona fide*?—I certainly took it as *bona fide*.

177. *Dr. Fitchett.*] Have you any reason for supposing that it is not genuine, or that the statements are not true?—None whatever.

178. You believed it to be true?—If a petition is signed by respectable people. I had no reason to believe otherwise.

179. In the light of all Mr. Thomas Mackenzie has said, is there anything suspicious about this petition?—My experience is that petitions are mostly got up by persons who are interested in what is asked: or settlers may get up a petition for something to be done in their district. They may do it of their own motion; but in the offer of sale it is mostly by the man who owns the land.

180. But the settlers will sometimes do it of their own motion?—Yes; but they do not name any particular block.

181. Where there any special claims to a particular block?—The seller will.

182. Would it be quite natural to suppose that the owner would be the petitioner in these cases?—It is very often the case that petitions of this kind come before us, and we generally find that the person who is most interested in the question is the person by whom the petition is got up.

183. Now, in the light of all the facts, would you say that there is anything improper in this petition?—I took the signatures to be genuine; every man whose name is on it I believed had signed it. I had no reason to doubt that. I think none of those men would have signed it if they believed the statements in it were not true.

184. Suppose Mr. Percy Smith were arranging his itinerary for his Board meetings, which are held, some in Canterbury, some in Dunedin, some in Invercargill, would it not be expedient for him to arrange for the inspections also?—Yes; that is the very reason it is done: many things have to be done and provided for.

185. Would he be doing his duty in arranging his route so as to save time?—Yes; and you must also recollect that he must arrange according to the convenience of the other members of the Commission, who could not be always absent from Wellington. He would have to make his arrangements with Mr. Crombie to go with him.

186. You say that in those circumstances he was justified in doing what he did?—Yes.

187. Now, with regard to that "confidential" telegram to Mr. Maitland, you say you wanted the unsuccessful candidates to apply again?—Yes.

188. Did you know whether there were any applications for the remaining sections?—Yes; I am sure of it. [Return of applications put in.]

189. Do I understand you to say that you arrived at the conclusion that you were charged with corruption in Mr. Scobie Mackenzie's speech, not from isolated sentences, but from the whole speech?—From the whole speech.

190. *Mr. Scobie Mackenzie.*] When Mr. Thomas Mackenzie presented that petition to you, and, as you say, Mr. Barron was there, did you not think that Mr. Barron ought to have told you that he had initiated this action, that he had got the land inspected, and that reports were coming up as to its condition?—I do not think he would do so then, while Mr. Thomas Mackenzie was there; he would be likely to do it afterwards. It is quite possible that after Mr. Thomas Mackenzie went out some other person would come in, and the whole thing would have got out of Mr. Barron's mind for the time.

Mr. Thomas Mackenzie: I presented this petition as a thoroughly genuine petition; but afterwards, after the way Mr. Douglas went about it, I did not think it to be so genuine.

TUESDAY, 25TH SEPTEMBER, 1894.

MR. WILLIAM TURNBULL examined on oath.

1. *Dr. Fitchett.*] Your name?—William Turnbull.

1A. I understand you are an agent living at Clinton?—Yes.

2. Do you know Mr. John Douglas?—I do.

3. You have acted as his agent for some time, I understand?—Yes.

4. For how long?—Since about the middle of the year 1889.

5. Do you remember the sale of part of the Pomahaka Estate in 1889?—Yes.

6. Were you his agent then?—He appointed me just a short time before that sale.

7. Had you anything to do with that sale?—Yes.

8. What?—I posted out the maps to all likely buyers, and did what I could for the sale.

9. Were you present at the sale?—Yes.

10. Do you know how many acres were offered?—I am not positive as to the number, but I think about 2,000 acres. I cannot say for certain.

11. Not the whole estate?—Just the upper portion.

12. Do you know why it was offered for sale?—It was a corner cut out. It was to square the remaining portion of the property.

13. *The Chairman.*] What year was that in?—1889. In June, I think.

14. *Dr. Fitchett.*] How many acres were sold?—About 1,100.

15. Do you remember the average price?—£3 12s.

16. Do you know whether there were any bids for the portion not sold?—Yes; for some of it

17. The bulk of it?—I think so. There was a portion, marked blue, which was not allowed to go at £3 5s. These numbers were 51, 58, and 59, as far as I recollect.

18. You say Mr. Douglas would not take £3 5s. for it?—Yes.

19. Can you say how the quality of the land sold compares with the rest of the estate?—I should say the remainder is of a better quality.

20. How does the portion sold compare with the bulk of the estate, as regards lying towards the 10—I. 5A.

sun?—All that sold was a little to the south-west, towards Pomahaka. The portion sold was away from the sun.

21. What was your business with Mr. Douglas as agent?—Just to try and sell the property, the remaining sections.

22. What were your general instructions from Mr. Douglas as to the sale and the price of the property?—He would have sold the pointed section, of 500 acres on the map, in one piece, to any one who wanted it; the remainder as one block, and the price he gave me was £3 10s. per acre.

23. Can you remember any offers you received and submitted to him, Mr. Turnbull, since you became agent?—There were a great many inquiries, but they never came to anything. Several were inquiring about it.

24. I have a letter here dated the 10th April, 1893. [Letter read: Appendix A24]?—I took Mr. Ogle over the property. I was negotiating with him for the purchase of the whole of it.

25. At what price?—£3 10s.; and he said it was rather a large thing, that half of the property would be sufficient for him; but Mr. Douglas was not willing to divide it.

26. And the negotiations went off then?—Yes.

27. I have a letter here from yourself to Mr. Douglas, dated the 19th April. [Letter read: Appendix A25.] Did you see Mr. Matheson?—Yes.

28. What did he offer?—I cannot say what price he offered.

29. Here is a letter dated 22nd April, from Mr. Douglas, in reply to yours. [Letter read: Appendix A26]?—Yes.

30. Who is the gentleman referred to?—I never saw the gentleman referred to at home. He went to Mr. Roseveare, and it was through Mr. Roseveare that these negotiations were carried on.

31. Did you quote any price to Mr. Roseveare?—Yes, £3 10s.

32. Did he express any opinion about the price?—No, but he kept on communicating and appeared to favour it.

33. It seems that Mr. Douglas refused to entertain the proposal to lease?—Yes.

34. Here is a letter from you to Mr. Douglas, dated 11th May, 1893. [Letter read: Appendix A27.] You wrote that letter?—Yes.

35. His reply is dated 13th May, 1893?—Yes. [Appendix A28.]

36. Who was this party?—Mr. Matheson.

37. Did you submit this to him?—Yes.

38. What was his answer?—He said £3 was more like it. He thought there was too much difference, and the negotiations fell off.

39. I have a letter of yours to Mr. Douglas dated 26th June. [Letter read: Appendix A29.] Is that Mr. Matheson you refer to?—Yes.

40. There is a letter from Mr. Douglas to you in reply to that dated 26th June. [Letter read: Appendix A30.] Who is Mr. Murray?—I know him very well. He has got a lot of country, and is principally a sheep-farmer.

41. He is not a purchaser of Pomahaka?—No.

42. There is a letter of yours of 17th July. [Letter read: Appendix A32.] What buyer do you refer to there?—That would be Mr. Matheson.

43. These are all the letters that you have given me from Mr. Douglas. Have you any other letters from him?—I may have had others, but most of them went missing.

44. Are these all relating to Pomahaka?—Yes, all that I know of.

45. There is one from Mr. Douglas, dated 26th July, to you. [Letter read: Appendix A33.] Do you remember getting that letter?—Yes.

46. You received the draft petition?—Yes.

47. Did you ever receive any other letter than this relating to the petition from Mr. Douglas?—No, I do not think so if it is not there. If there are any missing they are earlier. Of course I did not attach any importance to the letters.

48. You received this draft petition?—Yes.

49. What did you do with it?—Filled in the distances. I got Mr. Mitchell to assist me with the distances. He supplied me with the correct distances.

50. Did he know for what purpose?—Yes.

51. Did he know that you were acting for Mr. Douglas in the matter?—Yes.

52. Did you affect any secrecy in the matter as to whom you were acting for?—No. There is no doubt that lots of people signed the petition, perhaps, who did not know who it came from; but I do not think that I got any signatures from any one who did not know what was in it.

53. Did Mr. Mitchell read it?—I read it to him.

54. Did he know the land?—Yes; he was one of the first purchasers.

55. And he read the contents of the petition and did not express any disbelief in the statements contained in it?—No.

56. And you sent it back to Mr. Douglas?—Yes.

57. When did you next hear of the petition?—I got two copies of it from Messrs. Wright, Stephenson, and Co., posted up to me, type-written.

58. Have you got the letter?—No; it was only a memorandum.

59. What did you do with those copies of the petition?—I kept one myself, and left one for the business-places in the township.

60. What did you do with yours?—I travelled about the country with mine, and called on the people.

61. What reception did you meet with?—They all seemed in favour of it. I only remember of two refusals. A great many business-people got signatures besides me. I only got two refusals.

and one came to me afterwards and said he thought it would be a good thing to sign. That was Mr. Sanger.

62. Do you think all knew the contents?—I am certain they knew the contents. Sometimes many would be together, and would read it aloud.

63. Did you ever hear any reflection upon the truth in the statements in the petition?—No.

64. Was it known from whom the petition emanated?—Yes, generally. Perhaps all did not know.

65. *Mr. Scobie Mackenzie.*] Knew that it emanated from Mr. Douglas?—Yes, from Mr. Douglas.

66. *Dr. Fitchett.*] Do you remember a conversation with any one on that particular point?—Yes, there was one gentleman—Mr. James Roy, a Justice of the Peace—who said that he would not have signed it unless he had known it was with Mr. Douglas's sanction; that he would not have signed it otherwise.

67. Is it generally known in those parts that you are Mr. Douglas's agent?—Yes, pretty generally known.

68. Do you remember any other instance than that of Mr. Sanger, where the signature was refused?—Yes, Mr. David Wallace refused. He is a Justice of the Peace too.

69. Did he give any reason?—He said there were too many farmers in the country already.

70. As far as you can judge yourself, from your own knowledge, do you consider the statements in the petition true?—Yes.

71. Not overstated?—No.

72. What instructions had you, if any, as to the signing of the petition?—Just to see if the settlers were in favour of the Government purchasing this land. Those in favour signed the petition, and, of course, if they were not in favour, they would not have signed it, and the petition would have been laid aside.

73. It has been suggested that you had special instructions to put down every one signing his name as a "settler." Is that true?—No, it is not true.

74. Did you get any verbal instructions from Mr. Douglas?—We may have spoken about it, to feel the district to see what they thought of it.

75. Do you know whether the signatures were got elsewhere than in Clinton?—Yes, in Clutha.

76. And by you?—Not by me. I know nothing about them.

77. Were you paid anything for the work you did?—Yes; £12 for getting the signatures.

78. How long were you employed?—Pretty much from the 26th of one month to the 28th of the next—something like four or five weeks. I was on horseback, and I paid a man 30s. out of it for going through another district.

79. What did you do with the petition when it was sufficiently signed?—I sent it to the member for the district, Mr. Thomas Mackenzie.

80. Did you write to him?—Yes.

81. What did you say to him?—Just that this petition was got up in the district, and asking him to present it in the usual way.

81A. About when would that be?—About the latter end of August.

82. I have a letter from Mr. Thomas Mackenzie to you on the 28th August. Had you any other communications from Mr. Thomas Mackenzie?—I do not think so.

83. Had you not a telegram?—Oh, yes; I had a telegram.

84. On the 13th August?—Yes; I think when it arrived he wired. [Appendix A.]

85. Did you communicate further with Mr. Thomas Mackenzie?—No, I do not think so.

86. From your knowledge of the property, do you think £2 10s. a fair or unfair price?—A very moderate price. At that time I think it was a very moderate price.

87. *Mr. Scobie Mackenzie.*] About this section sold in 1889, Mr. Turnbull: Were the roads constructed to these properties?—Yes, nearly all the way. They were formed to a little bit on to it. [Sections pointed out on the map.]

88. Are you prepared to say that the land is as valuable now as it was in 1889?—No, it is not as valuable as it was last year.

89. And not last year as it was before?—No, I do not think there is a very great difference. There might have a slight drop up to last year, but there has been a greater drop since last year.

90. That is your opinion?—Yes, that is my opinion.

91. But there was a drop before?—Yes, I dare say there was a slight drop.

92. And as the result of those persons you have taken over the land to see it, not one made you an offer, as I understand?—Not one came to terms. I did not sell any of it.

93. No man made a definite offer?—Mr. Matheson; but he said that it was more than sufficient.

94. Mr. Matheson did not offer you the £3?—No; but there is no doubt he would have given £3. He said £3 was more like it, when it was offered at £4.

95. Mr. Murray made you no definite offer?—I had no dealings with Mr. Murray.

96. And you said that the statements in this petition were in every respect true?—Yes.

97. The petition describes this property as embracing the Burning Plains?—Yes.

98. Now, did the Burning Plains ever belong to that property?—Yes, I believe they did. Last night was the first time I had heard that they did not—that Mr. Douglas's property did not embrace the Burning Plains.

99. And you say it does?—In my opinion. I have been twenty-seven years in the district, and have known all the property for twenty-five years.

100. Is there any plain in the property at all?—Yes.

101. How much do you estimate?—About 200 or 300 acres level. It is inclined to be ridges, but about 2,000 acres are comparatively level.

102. Are there 2,000 acres level. Are they what could be called plains?—No, not strictly speaking.

103. You got £12 for your work in obtaining signatures?—From when I took charge of the petition altogether.

104. Did you get any money from Mr. Douglas after the sale was completed?—Yes, I got a cheque for £40 in January, I think.

105. What did you get a cheque for £40 for?—For what I had done since 1889. He has been using me as his agent all the time. If I had sold the property I would have got a good commission.

106. You never got anything for minding the property?—No, not more than about £3, and, if I remember rightly, that was a refund for money paid out.

107. And you got £40 after the date of the sale?—Yes.

108. Did you render an account?—No.

109. Did Mr. Douglas give you this money spontaneously?—He spoke to me about it and said he would pay me for all this after the sale was done, that I had been put to a lot of trouble one way and another. And he sent me this £40.

110. After giving you £12 for the actual work done for him in getting signatures. Did he promise you a lump sum after the sale was completed? Did he say he would give you money?—I do not know that it was at that time, but when the land was sold I think I mentioned that I expected something out of this, and he said, "Certainly, I will pay you for what trouble you have been put to."

111. What did he mean by all the trouble?—Acting as his agent since 1889.

112. Why should he pay you for that in a lump sum in the beginning of 1894? The sale took place after October, and you were paid in January a lump sum of £40. Why should he pay you a lump sum after the sale, for work carried on for many years?—I do not think I was overpaid at all—£40 for five years. I thought that was a very small amount.

113. Did you not understand that the £40 was paid to you as payment in direct consequence of the sale?—I do not suppose I should have got it if the property had not been sold. £12 was paid as my expenses in connection with obtaining the signatures.

114. That money would have been paid if the sale had not been completed—that money was commission on the sale?—I cannot say, looking at it that way, that it would have been paid.

115. Was it a bonus on the sale?—It was a salary to me for acting for him for five years.

116. You have already stated that you would not have got it had the property not been sold?—I only thought I would not have got it if the property had not been sold.

117. In that case it could not have been payment for five years' ordinary work; otherwise, if the property had not been sold, you would not have had any payment at all?—Well, I looked upon it as that. I have said if the land had not been sold I would not have expected that, but I cannot say distinctly I would not have got it.

118. Did you, previous to Mr. Douglas sending you down this petition, ever know a meeting of the settlers to take place there to ask the proprietor to get this land sold?—Not of a publicly-called meeting.

119. There is a local newspaper at Clinton?—Yes.

120. It has been given in evidence that Mr. Douglas contributed an article to that paper on the 25th of August. Previous to that, did you ever know the local paper to advocate the purchase of this land, or even suggest it?—I cannot remember anything of the kind.

121. Did a gentleman—James Wilson—sign your copy of the petition?—Which James Wilson?

122. Of Balclutha?—No; I had no Balclutha signatures.

123. Did a farmer named John Findlay sign?—That is almost at Balclutha—just outside.

124. *Mr. Duncan.*] With regard to that £40. It would appear, from the way Mr. Scobie Mackenzie put it, that you looked upon getting the £40 as a result of the sale; that you would not have got anything if the land had not been sold. Had you any arrangement with Mr. Douglas to get a commission if you negotiated a sale for part of the property?—No, I had no arrangement; even if I sold 200 acres.

125. Had you sold anything?—No.

126. What did you do for him during the five years?—Just took people who had been negotiating to show them the land, and communicate with Mr. Douglas.

127. *Mr. Hall.*] With regard to this commission. What is the usual commission you get for the sale of estates?—I do not know what it would be for a large estate like that; 2½ per cent. for a small one. With a large affair it is by arrangement.

128. Had you any arrangement with Mr. Douglas?—No.

129. It has been said that you got £40, and you say it was for work done for Mr. Douglas from the year 1889?—Yes, trying to get a purchaser all along.

130. As a matter of fact, you would not have got the £40 if the estate had remained on your hands—if it had not been sold?—I could not swear as to that. I would not have expected it.

131. It would have remained on your hands?—Yes, and I would have had a chance of selling to some one.

132. In estates of that kind, when they are taken out of your hands for sale, do you usually get a consideration?—I cannot say. Sometimes you get so much commission; and if you do not sell you get nothing. It is a matter of arrangement.

133. Was this given definitely for the sale, or for the work you had done?—I consider it was for the work I had done. I had done the work.

134. *Hon. Sir Robert Stout.*] You got the £40, and nothing was said as to what it was for?—Yes.

135. *Mr. Scobie Mackenzie.*] After the sale, did you ever express an opinion, that Mr. Douglas had got a very high price for it?—No, I did not.

136. *Mr. Duncan.*] Were you pleased that the Government should get this land, or anxious to sell it to them at that time?—Yes.

137. Did you expect to get more out of the Government purchase than from any other individual?—Of course I would benefit more than if any runholder had got it in the district. It would improve the district generally.

138. *Mr. Hall.*] Had you an agreement previously that if the Government purchased this land you were to receive this amount?—No.

139. *Mr. Scobie Mackenzie.*] I presume, Mr. Turnbull, that when so many people signed the petition you naturally thought that they wanted the land?—Yes, I did.

140. Would it surprise you to know that not a single individual who signed the petition got a section?—I do not know, but a good many of them applied at first, but were unsuccessful.

141. Would it surprise you to know that not a single individual who signed the petition has got a section of the land?—There were a good many applicants for some sections. I could not say myself. A good many of the petitioners made application.

142. Do you not consider this country as cold land?—No, I do not consider it so. As I told you before, I have been twenty-seven years up there, and I do not know any other part of New Zealand. But I do not consider that cold country.

143. *Hon. Sir Robert Stout.*] Do you mean that it is not so cold as Clinton land?—It is not so cold as Clinton land.

144. *Mr. Meredith.*] You say about three hundred persons signed the petition on behalf of the Government purchasing the estate?—Yes.

145. Are you aware how many of the petitioners made applications for sections?—I do not know how many; I know there were some.

146. Few or many?—I do not know how many.

147. I understood you to say that the Pomahaka Estate was placed in your hands by Mr. Douglas in 1889, and remained in your hands. Had you any other lands belonging to Mr. Douglas?—No.

148. So that you received the £40 for your endeavours on behalf of the Pomahaka Estate?—Yes.

WEDNESDAY, 26TH SEPTEMBER, 1894.

Mr. HARRY LYTTTELTON BRITTAN examined on oath.

1. *Mr. Scobie Mackenzie.*] What is your name?—Harry Lyttelton Brittan.

2. I understand you are Assistant Inspector and Audit Officer at the Union Bank in Wellington?—Yes.

3. And the work of the bank goes through your hands under the control of the Head Office?—Yes.

4. What is the name of the Branch Manager at Dunedin?—Mr. Grierson.

5. And is that branch under the control of the Inspector here?—Yes; under the control of the General Manager.

6. You know of the Pomahaka property. The security for that would be in the branch at Dunedin, would it not?—Yes, in Dunedin.

7. You are aware that the property was sold to the Government?—Yes.

8. Was there any incumbrance on it previous to the date of the sale?—Yes. It was held as security by the bank, and had been for some years.

9. What was the amount of the incumbrance at the date of the sale on the 3rd of October?—As nearly as possible £9,000.

10. Had it previously been larger than that?—Up to June, 1893, it was £12,000.

11. Have you got any records with you?—I have made extracts from correspondence which took place with Mr. Grierson, and I know the facts from having got them from him.

12. Then, £3,000 must have been paid, then?—Yes.

13. You are sure it was not paid in till then?—Yes. It was at the beginning of June; I will not swear to the exact date.

14. The £3,000 was paid in in June, 1893, and was the proceeds of land sold in 1889?—It was so paid in in the terms of the arrangement. It was understood that this money would come, and it came.

15. That leaves an advance of £9,000. I want to know this about it: Was the land the sole security for that £9,000?—We had some other security. We put it roughly at about £1,000.

16. Besides the land?—Besides the land.

17. Then, as I understand it, there was only £8,000 standing against the Pomahaka land in effect?—In effect, for the other was worth £1,000.

18. There was only £8,000 on the land?—We had absolutely only £8,000 on it.

19. Did Mr. Douglas at any time desire to increase that incumbrance as against the land?—I had no conversation with Mr. Douglas. I am speaking from the records of the correspondence. He wished to increase it.

20. To what extent?—By making use of the money coming in—the £3,000.

21. Did you agree to that?—No.

22. You declined it?—Yes.

23. Did he make any further proposition at all?—When we declined to let him take the £3,000, he asked whether we would be content with a half. That would make the advance £10,500. That was not agreed to.

24. It was declined?—Yes.

25. And did the other securities for the £1,000 remain in your hands?—Yes; it was proposed that we should relinquish that, but we preferred to stand as we were.

26. You declined that also?—We declined that also.

27. Now, when did you first call up the advance?—The actual calling up was in July.

28. Do you know the date?—I have the date here—on the 29th of July. I am quoting a letter from Mr. Grierson to us.

29. Did you give specific notice at that time for the payment of the advance?—No specific notice was given at that time, only that we wanted it paid.

30. After you called up that advance, were you informed of any endeavours made by Mr. Douglas to raise the money?—Mr. Grierson, in his letter, said Mr. Douglas had been endeavouring to raise the money. That is in the same letter I have quoted from here. He says, "I called up this advance on the 29th July, and Mr. Douglas has since been endeavouring to raise the money to pay us off, but has not met with success."

31. Is it said where he was endeavouring to raise the money?—No, only that he was endeavouring to raise it.

32. That is, from quarters outside yourselves?—Yes, to pay us off.

33. And without success?—Without success.

34. Is there any reason given at all for his non-success—what does the letter say?—"There is little prospect of his obtaining that advance except from Wright, Stephenson, and Co., and they have so far refused to lend any more and will not increase their advance unless we can force them." In this case we only refer to specific advances on Pomahaka. At a previous time we had the whole of Mr. Douglas's business. We have not now.

35. Why should you suppose, Mr. Brittan, that Wright, Stephenson, and Co. should give what nobody else would give?—Because they were making him advances.

36. What difference does that make?—It makes this difference: they were interested in him.

37. Did they have a second mortgage?—I do not know whether there was a second mortgage on this property at this time, but it was to their interest to see that Mr. Douglas was financed.

38. On account of other business?—Because they had already advanced to him.

39. They had other securities?—Yes.

40. It was reported to the bank that Mr. Douglas had been trying to raise money and could not do it, and you thought that he could get from Wright, Stephenson, and Co. what he could not get from any one else?—Yes.

41. By their holding other securities? Do you mean that if the land failed they could look to the other securities?—That is what we supposed.

42. Did the bank hear anything about a petition at this time at all—about a prospect of selling the land to the Government?—The first we heard of it, I think, was from Mr. Douglas himself, in Wellington, about the 23rd of August.

43. In Wellington?—He was in Wellington. He said there was a petition being got up for the purchase of the land for settlement, and asked the bank not to press him.

44. Previous to the 23rd of August, was there not a specific notice from the bank to call up the money?—On the 17th August Mr. Grierson said, "I have given Mr. Douglas fourteen days' notice to pay up."

45. And on the 23rd of August Mr. Douglas came to Wellington?—Yes.

46. What did he say then?—He said there is a petition *re* purchasing the land for settlement, and asked the bank not to press him, but to give him time.

47. And did you take any action on that?—We telegraphed to Mr. Grierson, "This seems idle, and we decline to alter instructions."

48. What was idle?—It was thought an idle reason for giving him time.

49. Why did you consider it idle?—Because there was no contract to buy.

50. You did not think it was likely to come off?—We did not see any reason that it was likely, beyond his saying so.

51. In the meantime, evidence has been given of a guarantee by Messrs. Wright, Stephenson, and Co., in Dunedin?—Yes.

52. Very well, then, did they give such a guarantee?—They gave such a guarantee.

53. What is the date of the guarantee?—On the 2nd September, Messrs. Wright, Stephenson, and Co. gave a guarantee. They offered to guarantee the interest previously.

54. What date was that?—Our reply to the application was previous to the 16th August.

55. Previous to that they offered to pay interest?—Yes.

56. What called forth that offer?—We said in a telegram: If they would guarantee the whole thing, and the interest is paid—it was due in a week or two—we would be willing to postpone the sale. That was our telegram on the 15th August. On the 17th August we gave him fourteen days' notice.

57. But in the meantime, Messrs. Wright, Stephenson, and Co. offered to pay the interest?—To guarantee the interest. They made a spontaneous offer to provide the interest prior to the 16th, but we said No; and, as a suggestion, said if they would guarantee the whole thing we would postpone the sale.

58. Did they do so?—No; because on the following day Mr. Grierson gave him the fourteen days' notice.

59. That fourteen days' notice would be due on the 1st September?—On the 1st September.

60. And, of course, this was after Mr. Douglas had appeared in Wellington—that was on the 23rd August?—It matured after that.

61. Did Messrs. Wright, Stephenson, and Co. guarantee the principal after you asked them to do so?—We never asked them, but they offered to guarantee the interest, and we declined. We told the manager that if they agreed to do the whole thing he could take off the pressure.

62. I suppose your manager communicated with Messrs. Wright, Stephenson, and Co.?—I presume our manager would not communicate this to Messrs. Wright, Stephenson, and Co. He should not make a proposal to Messrs. Wright, Stephenson, and Co.

63. It has been given in evidence that Messrs. Wright, Stephenson, and Co. did pay the interest?—They gave a guarantee for the principal.

64. When?—On the 2nd September.

65. Then there was an interval between the offer of Messrs. Wright, Stephenson, and Co. to guarantee the interest?—They offered to pay interest when due, but we declined the offer.

66. The guarantee of the principal came later—on the 2nd September?—Yes; on the 2nd September.

67. It has been given in evidence also that a telegram was sent down from here by Mr. Ritchie, which caused Messrs. Wright, Stephenson, and Co. to go to the bank under a mistaken idea as to the meaning of the telegram. Can you enlighten us about that telegram?—We did receive a telegram which we could not understand, on the 1st September: "Wright, Stephenson, and Co. informed Ritchie has arranged with our bank for time."

68. I understand that you found that was a mistake?—We telegraphed that we did not know Mr. Ritchie in the matter.

69. Can you tell the Committee what the terms of that telegram were from Mr. Ritchie?—I can only tell you what Mr. Grierson was told. We could not understand why he sent this telegram. Mr. Douglas wrote to Mr. Grierson as follows: "I have received the following telegram from Wellington: 'Matter cannot be settled for a few days. Have arranged time bank.' (Signed) 'J. D. Ritchie.'"

70. Then, Mr. Ritchie has explained in evidence that there was a word left out in the telegram. I presume, therefore, the telegram should read, "Have you arranged time bank"?—We had no communication with Mr. Ritchie.

71. The telegram should read, "Have you arranged time bank?"—Of course, that is more reasonable. I do not know anything about that.

72. Do you know of anything that occurred in the interval between the time that Messrs. Wright, Stephenson, and Co. offered to guarantee the interest and the 2nd September, when they guaranteed the principal? Do you know if anything had occurred to induce them to pay up?—I do not know. They gave their guarantee on the 2nd September. They found that no arrangement had been made, and on the next day they gave their guarantee.

73. Then, you do not know if anything was told your branch manager to lead you to suppose that the money was paid in for any particular reason?—Not that I have any knowledge of. When they gave the guarantee we let the matter drop.

74. When was the date of discharge?—The 15th October.

75. Do you know the date when the sale occurred?—No.

76. It has been said in evidence that you were realising on this security in order to be in a position to transfer capital to Australia?—Any statement of the kind is absolutely without foundation. We are, and have always been, anxious to put out money here.

77. Were you anxious to put money out at this particular period, September?—Yes.

78. Had you any instructions about the lending of capital here at this period?—Yes, direct instructions.

79. What instructions did your department get from the Head Office at that period, as to lending money out in New Zealand?—One letter, I remember distinctly—I could produce a dozen—but one letter I have here, which says: "I rely on you to see that managers lose no opportunity of safely and profitably extending business." That was a letter to our office, and was received at the same time that we were discussing Mr. Douglas's matter.

80. *Mr. Green.*] Do you remember the date of that letter?—About May or June of the year 1893. I remember another letter which the General Manager wrote at that time, because that was the time of the financial crisis. He said, "I have no desire to restrict advances in New Zealand. That is a distinct instruction to our Head Office in New Zealand to guide them."

81. Is the Head Office that of the Inspector's Department?—The Resident Inspector's Department in Wellington.

82. *Mr. Scobie Mackenzie.*] Did you offer to provide Mr. Douglas with money at this period, above the money he had had advanced from you on securities?—We did not offer it to him. We never offer to anybody; but we said, "We are prepared to consider proposals without regard to amount."

83. For advancing further money to Mr. Douglas on other securities?—On anything proposed.

84. Had you plenty of money to lend at the time in New Zealand?—We had plenty of money.

85. And were prepared to lend to Mr. Douglas on sufficient security?—Yes, or anybody else if the business was good enough.

86. And specially expressed the fact to Mr. Douglas that you had plenty of money to advance to him on good security?—We did not say that to Mr. Douglas. We told our Dunedin manager that we were prepared to consider proposals from Mr. Douglas.

87. Did you instruct your Dunedin manager to advance money to Mr. Douglas, providing that he could show good securities?—Not in that form. We would consider proposals for advancing.

88. You have stated that you had plenty of money to advance on good securities, and you have given it in evidence that you called this money up. Why did you call up that advance?—Because we did not care to rely on that security alone. We did not want to have any risk of having this security on our hands.

89. Why did you so object to having this security thrown on your hands?—Mainly because it was not a productive one.

90. What do you mean by not a productive one?—There was not sufficient income from it to show any prospect of reduction or repayment of the advance except by sale of the security.

91. Had you reason to know what the income was?—Yes; it was £228 a year.

92. Is there anything there to show that?—Instructions as to advances go from this office, and we base our decision on the advices we receive. The advices we received were that the income was £228 a year.

93. I suppose Mr. Douglas would supply this information as the mortgagor?—It is only reasonable to suppose that. It is usual to get that information from the mortgagor.

94. What rate of interest were you charging?—It varied; $6\frac{1}{2}$ per cent. at one time, and then it was increased to over 7 per cent.

95. What was it at the date of the purchase by the Government?—In the early days it was $6\frac{1}{2}$ per cent. It would be at least $7\frac{1}{2}$ per cent. at the time the Government purchased it.

96. Your objection to this property was that it was yielding no income?—That it was not yielding sufficient income.

97. Was it making a loss?—It was not yielding enough to pay the interest.

98. And you objected to it on that account?—Yes, that is why we objected to it.

99. If the income was £228, and your interest was £675, then this property was losing at the rate of £447 a year?—Yes; it is £447 a year short of the interest.

100. Why should you object to this land being handed over to you, apart from the loss per year in income—why should you so strenuously object to this land being thrown on your hands?—We object to any land being thrown on our hands to which there is any loss attached.

101. Did you not care to risk it?—No; we did not care to risk it.

102. You did not care to risk your £8,000 on the sale of this land?—We did not care to risk having to sell the land.

103. Why? For fear it would not produce enough to cover the advance?—Judging by its income it would not produce enough.

104. Is it the custom among business-men to judge of land by its income?—Mainly.

105. Is it your business as bankers to know the condition of the markets in the particular places where you make advances?—Yes; the manager is supposed to know, and to express positive opinions upon it.

106. Had you any reason to believe that this land would not sell in the market?—Nothing beyond the value in which we judge of the value of other securities. We did not look upon it as a saleable security.

107. One reason for your not risking the taking over of the land was that it was not yielding anything, or was making a loss, as the case may be. Was there any other reason affecting the security?—No. We did not like the security. We did not regard it as a saleable security.

108. Was there any other reason besides the fact that it was not a saleable security? Was it good land?—The report we had upon the security was that it was unimproved, and Mr. Grierson said it was too full an advance for that class of security; that in the winter months it was very wet. It was valued by the Property-tax Department at £15,000 odd.

109. Who reported that the ground was so wet to you?—That was one of our manager's reports on the security.

110. Well, this £8,000, was this what you would call a bad security?—A bad banking security, undoubtedly.

111. Is it not a fact that when you called up this advance the bank was really trembling for its advance?—I do not know that it was trembling much; we wanted to see our money. We preferred to see the payment of it.

112. Were you anxious about it?—We did not get very anxious. We preferred to see the thing paid. We were desirous of getting it paid. As you see, we stopped at nothing until we got it paid.

113. Had you known that the Government were prepared to give £18,695 for the property would it have saved your anxiety?—If we had known the Government were going to purchase it it would have made us easy.

114. Did Mr. Douglas at any time speak to the bank about selling it to any one else, or about any other offers that he had had?—I do not know of any offers that he had, but we were told that they purposed cutting it up and selling it towards the end of the year. That is what we were told in August, when we were pressing for the advance.

115. Did he account at all for not doing so—for not taking steps to sell it privately?—No. They said it was inconvenient to press them for the money then, because they wanted time to sell in the spring. That was the advice our manager sent us. They wanted us to wait until then.

116. Why should you wait until the spring?—That is what he asked us?

117. *Mr. Duncan.*] If you had been very anxious to get your money would you have allowed it to stand over until the spring?—No, we would not; and we did not.

118. *Dr. Fitchett.*] You told Mr. Scobie Mackenzie in effect that you called this security up because it was not a good banking security?—Not a satisfactory security for the bank.

119. Does it follow that it was not a proper security for a private mortgagee?—I can only tell you that I have seen people lend on securities where we would not. Government departments have.

120. Is it not the policy of correct banking not to hold dead securities?—Yes.

121. Was this not a dead security in a banking sense?—It was unproductive. It was not a liquid security.

122. Is it not a correct principle of banking to keep securities liquid?—Yes.

123. This was not a liquid security?—No.

124. Was not that your reason for calling the advance in?—We did not regard it as liquid for the amount of our advance.

125. You swear that your bank at this time was making advances freely?—We were not restricting advances.

126. Your bank is a carefully conducted and prosperous one; I understand that?—Yes.

127. Presumably, then, it conducts its business on proper lines?—Yes.

128. If you were not restricting your advances, Mr. Brittan, how can you explain the fact that your deposits so enormously exceeded your advances in New Zealand that year: the deposits exceeded the advances in New Zealand in the year 1891–92 by £852,238 11s. 11d.?—They did not exceed the advances and the coin by that amount.

129. Against your coin are your notes. I am speaking about the actual deposits and advances?—Then, I do not dispute the figures.

130. Then, in 1892–93 your deposits in New Zealand exceeded the advances by £996,187, and in 1893–94 by £1,088,378?—I do not doubt it if you exclude coin, of which we have over three-quarters of a million.

131. Do you mean to tell this Committee that as a successful banking corporation you would keep a million in this country, pay 3 or 4 per cent. for it, and get no return on it?—We did not use it in this country.

132. Where did you send that money?—We did not send it anywhere.

133. For the last three years there was an average of one million which you got from New-Zealanders which was not used by New-Zealanders, and you have been paying £40,000 a year for it, and doing nothing with it?—Yes; we pay more interest than we receive.

134. Why?—Because we could not do otherwise without driving away business.

135. You pay more interest than you receive?—Yes.

136. You pay no income-tax?—No.

137. Your banking business in New Zealand is conducted at a loss?—We pay more interest than we receive, but we hope there will be better times presently for the banks.

138. You do not utilise the money in Australia?—No, because I can quote a letter from the General Manager saying if they could employ the money in Australia it would not matter so much.

139. You were asked as to the difficulty of Mr. Douglas getting this advance from any one else but Messrs. Wright, Stephenson, and Co.: as a banker I presume you know that where there is a second mortgage it is difficult to get an advance?—If that was their only security it is difficult to get advances on a second mortgage.

140. Where there is a second mortgage it is hard?—It is difficult. The bank's security would be a first mortgage. If there was a mortgage with Messrs. Wright, Stephenson, and Co. it was a second mortgage.

141. Would the existence of that second mortgage be in itself sufficient reason to make it difficult to get the money outside of Messrs. Wright, Stephenson, and Co. at that time?—That would be a reason.

142. That would be a sufficient reason?—Yes. It all depends upon what mortgage there was.

143. *Mr. Mills.*] In reference to the value of the margin, what would the bank consider a security for an advance?—There is no fixed margin. We look at the business and say if we like it or not.

144. I understood you to say there was £12,000 against the property?—There was £12,000; but there was £3,000 of that on the sub-mortgages.

145. Did you not hold the security over all that property previous to the portion being sold?—We had that with the other securities. There was no specific advance on Pomahaka then.

146. Was the £12,000 advanced to Mr. Douglas previous to any portion of the land being sold?—There was no specific advance previous to 1889.

147. Did the bank then reduce the advance after he had sold the part?—As a matter of fact, it was reduced after he sold it. It was reduced in 1892.

148. What caused the bank to consider the property a worse security at that time as against the time when they made the first advance?—We had no specific advance until 1892. We had the security, but there was no specific advance on that security. It was mixed up with other business.

149. *Mr. Hall.*] You had a report on the value of this property before you gave the amount?—I do not think we had a specific report. That is back some seven or eight years ago.

150. Why did you arrive at the conclusion that it was not productive land?—Because we were advised that the income was only £228, and that it was unimproved land.

151. How was it unimproved?—Our manager said it was unimproved.

152. Do you always lend money on the annual rental?—Not always on the annual rental, but that is the main guide to any property.

153. What was the actual value?—The actual value according to the Property-tax Department was £15,000.

154. Does the bank consider that a second mortgage would suit as well as an ordinary mortgage?—In a matter of margin it would, but not as a matter of liquid security. We do not lend on dead business. That might suit other mortgagees.

155. Did you take into consideration the condition of the land market at the time, and also Mr. Douglas's circumstances?—I suppose we took them into consideration in a way; but we did not call up that advance because we thought Mr. Douglas's position was bad.

156. Had you any reason to doubt whether the property-tax valuation was a fair one?—We generally doubt the property-tax valuations as being realisable. We had no valuation of our own.

157. Do you mean to tell me that you lend money without an expert valuation?—Yes; I would sooner take our manager's evidence than any expert's, who is paid for a valuation.

158. How does he arrive at the valuation?—I do not know. If our manager commits himself to a wrong valuation, we are not behind in telling him of it. Before he commits himself to an opinion as to the value of the property he would make himself very sure.

159. How did you arrive at the knowledge that this £8,000 was not well secured?—On the report of the manager.

160. Did he see the property?—I do not know. Anyway he committed himself to the statement.

161. You say that it was unimproved and wet?—Yes.

162. Was there anything in your report about the land being of bad quality?—No.

163. Why should he not say it was of bad quality as also being wet. Is it not a more important thing that land should be of good quality as being dry?—I do not know. That it was wet is a question of fact. The other is a matter of opinion.

164. As a matter of fact, you cannot say there was not that security in that land?—It may have been worth a million, but not in our opinion. It is a matter of opinion. I am not going to give expert evidence as to the value of that land. We did not care for it; any one else might. We would sooner have advanced £40,000 than call up the £9,000 if all the conditions had been favourable. All the conditions were not favourable in this case.

165. Therefore, as all the conditions were not favourable, you wanted to realise on this special property?—Yes.

166. And when you considered the value not strong you foreclosed?—No.

167. In order to induce him to pay?—We preferred to have it paid off; that is all. We thought it was our chance to unload on to Messrs. Wright, Stephenson, and Co.

168. You say that you did not take always into consideration the value of land, but the rental which may be realised at the time, in order to cover interest?—We take into consideration the value of land; but the income is material in arriving at the value.

169. Have you any actual reason for believing that the value of the land was not equal to the property-tax valuation?—We had no reason to disbelieve it. We regarded it as an unsaleable property. It was unimproved and unproductive; that is all.

170. *Mr. Scobie Mackenzie.*] When there was no specific advance against this land you were doing other business with Mr. Douglas?—Yes; other business generally.

171. You could look to other business to supply any deficiencies in Pomahaka?—Yes; undoubtedly we could.

172. So that when there was no other business to look to but Pomahaka you called up the advance?—Yes.

173. You were not carrying on his business at this time?—Not the active account.

174. Do banks allow men to have dead overdrafts when their accounts are kept at other banks?—We allowed Mr. Douglas to do it for a couple of years.

175. Is it customary?—No; it is not customary.

176. And this had been a dead account for two years?—For a year and a half we had not his active account.

THURSDAY, 27TH SEPTEMBER, 1894.

Mr. WILLIAM STEVENSON examined on oath.

1. *Mr. Scobie Mackenzie.*] Your name is William Stevenson?—Yes.

2. What is your occupation?—Farmer.

3. What kind of farming have you been accustomed to?—Agricultural and pastoral and dairy farming.

4. You have been engaged in those pursuits for the greater portion of you life?—Yes.

5. And you know the Pomahaka district?—I do.

6. Do you remember a purchase made by the Government there?—Yes.

7. What were you doing at that time?—Managing the Wairuna Estate.

8. Who were the owners?—Messrs. Brown and Rattray.

9. Does that property adjoin the Pomahaka Estate?—Yes.

10. For what time were you managing that estate?—Three years.

11. Were you managing it at the time the purchase of Pomahaka was made?—I was.

12. At Wairuna, was agricultural as well as sheep-farming carried on?—Yes.

13. Do you know the time when the Wairuna property was bought by the present proprietors?—In 1881, I think.

14. What price was paid for it?—Two guineas an acre.

15. Were there any improvements at the time?—Yes; it was fenced, and subdivided into six paddocks.

16. How does the value of the land, so far as your knowledge goes, compare with that of 1881?—I think it has fallen ever since, pretty well.

17. Have you been accustomed to consider land values and so forth?—Yes; I have had a good deal of experience in accounts.

18. You have been book-keeping on farms and properties?—Yes.

19. That was originally?—Yes.

20. What is the character of the climate, from your experience as residing manager there, in that neighbourhood?—Very wet and cold climate. In fact, when I went there I was instructed to breed sheep of a very hardy nature on account of the climate.

21. Do you know the Pomahaka property?—I do.

22. Do you know it well?—I do.

23. You have been over it many times, have you not?—Yes, I have been across it every way at one time or another.

24. It is close to where you live?—Immediately alongside.

25. What is the general character of the soil there?—Very wet and sour—cold.

26. What is the capacity of the soil? Will it grow crops?—It grows fair oats, but it will not grow wheat.
27. Does it grow turnips?—Moderately; but to get anything of a fair crop you have to manure heavily.
28. Is the ground very easy to work?—No, it is the stiffest ground I have seen.
29. What do you mean by "stiff"?—It takes three or four years before you can lay it down in grass.
30. Is there not a good deal of red tussock grass on it?—Yes, a rank and sour grass. In fact, the stock will not touch it at all.
31. What, in your opinion, is the carrying capacity of Pomahaka?—I should say a sheep to the acre and a half. Not more than that, certainly.
32. You would not yourself put more than a sheep to the acre and a half on it if you had it?—Not even that amount, if I had it.
33. Do you know who the lessees were of this land before the sale to the Government?—The New Zealand and Australian Land Company.
34. Have you any reason to know what was carried on the land?—Roughly, about five thousand sheep. I have heard the shepherds say five thousand.
35. What was the general condition of the stock carried at Pomahaka during the period of the Australian and New Zealand Land Company's lesseeship?—Generally pretty poor. It never looked very well.
36. Have you any reason to know the condition of the stock at the time of the Government purchase?—Yes; I was through the property just about that time.
37. What was the condition at that time?—The sheep were very poor—in fact, they could hardly stagger out of one's way.
38. Have you any special reason for knowing the date?—Yes; I have got my report to my principals. I was in the habit of comparing the stock of our neighbours with our own. I reported that these sheep were very poor.
39. What was the date of the report?—Some time in August, as far as I remember.
40. And you reported that at that time?—Yes.
41. Now, Mr. Stevenson, what, in your opinion, is the value of Pomahaka per acre?—Well, I should say its value would not exceed £1 10s. In fact, it would not pay interest on £1. I am certain it would not.
42. And, in addition to your experience, have you been accustomed to making valuations at all?—Yes, I have had to make the balance-sheets for the station accounts.
43. Would this land, in your opinion, sell for £1 10s. an acre in the market?—When?
44. At the time of this purchase?—No; I should think not. I do not think it would sell at all.
45. How do you arrive at your outside value of £1 10s.—by what process?—I simply say from what I know of the ground, and the produce of the stock and cost of working; and I know what the result would be: then I have simply to turn and find what that would pay in interest.
46. You judge by its earning-power as well as its market value?—Yes, certainly.
47. And, generally, think it would not pay interest on £1 10s. an acre?—No; I am pretty sure it would not.
48. Is the loss of sheep heavy in that district?—Generally; and, taking it all round and comparing it with other districts, I should say it was heavy—not less than 10 per cent.
49. Was your loss considered to be that?—Yes, roughly, about 10 per cent. Sometimes a little over or under.
50. What kind of lambing country is it?—Not good. It is too cold and wet in the spring.
51. What would be the percentage of lambs?—At the outside I should think about 60 per cent. would go to the cutting and tailing pens.
52. Do you know the Popotunoa property?—Yes.
53. Does that adjoin Pomahaka also?—Yes. That is, Popotunoa proper; Waipahi does not.
54. Take the Waipahi sections first. Was that a subdivided property?—Yes, it was fenced and subdivided, and mostly cultivated. There was one part of the block in tussock, and had little patches of grass.
55. It was improved otherwise. It had a shepherd's house?—Yes, it was pretty well fenced. They were as substantial fences as you would find in that part of the country.
56. Do you know the Waipahi property was sold not long ago, after the Pomahaka Estate was purchased by the Government?—I do.
57. How was it sold—in sections to suit farmers?—Yes.
58. Was it an accessible property?—Yes, it was pretty close to the railway-station—within about a mile.
59. What railway-station?—Waipahi.
60. Did the Main South Road go through it?—No, along it. In places it went immediately alongside of it, and in other places close by it.
61. What was Waipahi sold at?—Two guineas on the average.
62. With all improvements?—Yes.
63. What is about the extent of it?—Something about 5,000 acres.
64. Do you know that bought by Mr. Thomas Taylor?—Yes.
65. Is that it [map produced]?—Yes, 3,153 acres.
66. What is the aspect?—A northerly aspect. It runs down into the Pomahaka River.
67. In other respects was it a piece of good country or bad?—It was good sweet country. In fact, that particular part I have often heard is the best piece of country on the Waipahi for grazing.
68. Was this portion fenced?—Yes, fenced and subdivided.

69. Was it cultivated?—There was 1,000 acres of turnips upon it, and part of it in English grass.

70. Did the turnips go with the land?—Yes, everything with the land.

71. Sold with the land?—Yes.

72. What distance is it from a railway-station?—That is the piece of land I was saying would be about a mile from the railway-station.

73. And the tussock portion, was there any improvement on that; was it surface-sown?—Part of the country was surface-sown. They have sown about 4,000lb. weight of seed upon it. [Map referred to, and sections pointed out.]

74. What price did that block fetch in the market?—£1 10s.

75. And that is since the purchase by the Government?—Yes, the whole sale was since the purchase by the Government.

76. You know the Popotunoa property also?—I do.

77. It has been given in evidence here that it was all cultivated and highly improved; that the railway and Main South Road went along the base of it; that there is what is called a splendid house upon it costing £1,800; and that it was fenced and subdivided in all directions. Is that true?—Perfectly true.

78. How close does Popotunoa proper go to Clinton Township?—One end runs right up immediately alongside Clinton, and then right down the railway-line towards the Waiwera Township.

79. Then, some of this land would be of value as suburban sections?—Yes, in fact, I think, some of it was sold for township sections.

80. What price did this estate at Popotunoa proper, with all its fencing, improvements, homestead, and suburban sections, bring in the market?—£3 8s. as nearly as possible; but some was withheld.

81. Did the homestead that has been spoken of go with the land?—That particular lot with the homestead was sold with a piece of land, about 700 acres, I think.

82. Assuming that Waipahi was worth in the market £2 2s., and Popotunoa with all its improvements £3 8s., what is the value of Pomahaka?—I should say it would be worth not more than £1 by comparison with the other properties.

83. Do you know the land that was sold off the Pomahaka Estate in 1889?—Yes.

84. That sold by Mr. Douglas—the 1,100 acres?—Yes.

85. How does the value of the land now, in your opinion, compare with the value of that sold in 1889? You said there had been a steady fall?—There has been a steady fall since 1889.

86. It has been given in evidence that the roads were formed to these sections. Is that so?—Yes.

87. Do you happen to know the settlers on that land?—I do. I know them well.

88. In your opinion, can these be said to have done well on their farms?—I do not think so.

89. You know of the petition that was got up to purchase this land?—Yes.

90. Did you sign that petition?—I regret to say, I did.

91. Why do you regret it?—Because, afterwards, I found that there was a good touch of “The Picturesque Atlas” in it. It was a swindle.

92. There was a touch of a swindle about it?—Yes.

93. Who asked you to sign it?—Mr. Turnbull.

94. What did he say to you at the time: what took place between you?—He told me that he had a petition that he would like me to have a look at. I roughly scanned it over, and he asked me if I would sign it. I said, I supposed I would. He said, “I will sign it myself, to show you that it is correct.” I asked him if any price was mentioned in it. He said, “Mr. Douglas will sell very cheap, provided he gets rid of the whole block.”

95. And, on the strength of that you signed it?—Yes; there were no names on the petition when I saw it.

96. Previous to this, had you, as a resident in the district, come into contact with anybody who wanted this land?—No, I had not.

97. At the time you signed the petition, did you meet anybody who knew anything about the petition?—No; I have never been able to find out where that petition came from.

98. Have you found anybody who knew where it came from?—No.

99. Previous to this, had you heard of any general demand for the land in the district?—No, certainly not.

100. Do you know whether any meeting of settlers took place?—No, there was no meeting of settlers.

101. Was there a movement of any kind that would explain to us why the Government should acquire this land for the settlers?—No; and no other land, that I know of.

102. Is there a local paper at Clinton?—Yes, the *Clutha County Gazette*.

103. Did you take that paper in?—I got it regularly.

104. Previous to the date of the petition, did you ever see anything in the local paper in the direction of advocating the acquirement of this land from Mr. Douglas by the Crown?—No.

105. Did you ever see anything about it in the paper?—I think I saw an article afterwards.

106. But previous to the date of the petition?—No.

107. An article? Do you mean one article?—I saw one then. I saw two articles, I think, after the petition was in the district; but one, I think, was after the sale.

108. Is that the article you saw about it [Article produced]?—Yes; I think that is the article.

109. It has been given in evidence that the statements in this petition are in all respects true. Have you seen the petition properly since the date you signed it?—I saw a copy of it in the *Otago Daily Times*.

110. Now the petition, which is alleged to be true, states that this land is well fitted for growing wool, turnips, cereals, and English grass. Is that so?—No. It will grow fair oats and moderate turnips, but it takes a great deal to make it ready to grow grass, and then it does not grow it well.

111. The petition states that there was no open land of that quality in this quarter in the hands of the Government. Is that a fact?—I think Catlin's River was open at that time; I mean, open for sale.

112. The petition states that the land will give profitable returns, &c. Is that so?—No. I should say it is the stiffest ground to work I have seen. It is stiff, and cold, and rough, with a nasty tough surface.

113. The petition states that this estate embraces the Burning Plains. Is that true?—No, that is not true.

114. Where is the Burning Plains?—The piece of ground known as the Burning Plains is in the Clydevale Estate. The actual ground burning from a seam of coal is in Pomahaka, but it is a terrace—a ridge. It used at one time to be burning. This is a seam burned out through it.

115. How much plain do you reckon there is to correspond with the expression that it embraces the Burning Plains?—I should say, roughly—I do not know exactly—something over 100 acres of really level land in the whole estate.

116. What is generally the physical character of the land as a whole?—On the northerly end, nearest to the Pomahaka River, it is low rolling downs for about one-third of the total; and the remainder, between that and the land previously sold and the border of the Wairuna Estate, I would call it ridgy land. It is a good deal higher than the other I speak of.

117. What is the general opinion in the district, as far as you can gather, as to the nature of this petition?—As far as I have ever heard it expressed, it has generally been considered to be a straight-out swindle. No one seems to know where it came from.

118. In your opinion, at £3 7s. 6d., can they make it pay and get a living on it?—It would not pay more than interest on £1 an acre.

119. At what price do you think they should have had it, to make it pay?—From £1 to £1 5s. at the very outside.

120. Would you take the land yourself at £1 10s.?—No.

121. Did you want land at the time?—I did.

122. And you have since got a farm?—I have, at Tuturau.

123. You are aware of the rent at which it was let to the Australian and New Zealand Land Company?—Yes; 9d. per acre.

124. *Dr. Fitchett.*] You say that the general opinion of the petition in the neighbourhood is that it was a swindle?—Yes, I think so.

125. Do you think that the correspondence in the newspaper, and discussion, influenced the settlers?—I do not know.

126. There has been much discussion?—Yes, I believe so.

127. It has been stated in the Otago newspapers that the petition was a swindle?—Yes; I have heard so.

128. You know that Mr. Scobie Mackenzie vowed that it was a swindle?—No.

129. Did he not reflect upon the genuineness of the petition in the *Otago Daily Times*?—I think he said something about it not being a petition got up by the settlers.

130. Do you think that Mr. Scobie Mackenzie's opinion influenced the settlers?—I do not know.

131. You consider yourself a careful man?—I think so.

132. Do you not express opinions rashly?—I do not think so.

133. You are in a position to form opinions as to values?—Yes.

134. Can you tell the Committee why you signed the petition?—Candidly, I did not read it carefully.

135. Why did you sign it?—It was my opinion that it would be a good thing to settle that big block.

136. You said that you signed the petition, and now deny categorically the opinions in the petition. If the petition states that most of the land affords facilities for grazing, &c., then you deliberately signed what was a lie?—I do not see that I do, because anything like that in a petition is generally couched in flowery language. You would not expect to find bad things said about it.

137. As a responsible man, coming to Wellington for the purpose of giving information to a Parliamentary Committee about land values in the South, you qualify yourself by telling the Committee that you deliberately signed a petition, not one statement in which is true?—I say I signed the petition.

138. And you read it?—I scanned it. I did not read it carefully.

139. You knew the tenor of it?—I knew it was asking the Government to buy the block of land.

140. Land that was wet and sour, and would not produce grass for four years? You knew everything about this land?—Quite so.

141. And yet you signed the petition?—Yes.

142. You were manager of an estate?—Yes; the Wairuna.

143. What made you leave it?—On account of my health.

144. Were your services satisfactory to your employers?—Yes.

145. You left on perfectly good terms as regards your management?—Most decidedly.

146. Were you managing before?—Yes; at Braemar.

147. Was your management satisfactory?—Yes, it was.

148. How long were you managing?—Five years.

149. Your basis of value for Pomahaka is the prices realised for Popotunoa?—No, the producing-power.

150. Popotunoa was sold how long after Pomahaka?—Some few months.

151. Do you think that Popotunoa and Waipahi produced fair prices?—I consider them full values.

152. How long were those sales after Pomahaka?—A few months. I forget the exact dates.

153. Do you not think that the effect of 30,000 acres of Waipahi, Popotunoa, and Greenvale coming into the market at one time would affect the price of land by reducing it?—I do not know, I am sure.

154. Not 30,000 acres suddenly thrown on the market?—It would depend on the value of the land.

155. You cannot say whether the thrusting of 30,000 acres on to the market at one time would affect the price of land in that district?—In that particular district. There might be a number of people from another district, which would cause a demand.

156. Do you consider that the price of land would be affected by 30,000 acres being put on the market at this time?—There is a difference between 30,000 acres and 5,000 acres. If a lot of people wanted land it would not affect it.

157. Do you think the value of land in the district was, as a matter of fact, affected by the 30,000 acres put into the market?—I do not think so.

158. *Mr. Mills*: Well, *Mr. Stevenson*, have you ever done any valuation on properties?—I have valued for *Mr. Crawford*, at Timaru.

159. Any general, for local bodies?—No.

160. Any for the Property-tax Department?—No, not for any Government purpose or for any local bodies.

161. For private people?—Not many; I have done a few.

162. Was that in that neighbourhood?—In Canterbury. They were for *Mr. Crawford*, in Timaru.

163. That is some distance away?—Yes.

164. Do you know any of these settlers who purchased part of the Pomahaka Estate?—Yes, I know them.

165. Is it not a fact that they are making a fair living?—I cannot say whether it is a fact or not.

166. Do you know what they paid for the land?—£3 odd, I believe.

167. What rate of interest do you refer to, when you said they would only make a fair interest on £1?—I put the interest at 6 per cent. on the capital value.

168. I understood you to say that you consider that land to be worth £1 10s.?—It might be worth £1 10s.

169. Then, how do you reconcile that with the statement that it would not pay interest on £1?—Most people say that land has another value besides the actual producing value of it.

170. How do you reconcile the two statements?—It might be worth from £1 to £1 10s., but I think it would not pay interest on more than £1.

171. What proportion of Waipahi is hilly—does it compare favourably with Pomahaka; is it as level as that?—There is no plain in this Waipahi Block, but there is a good portion of it low rolling downs, and this particular portion of it that I refer to, about 3,000 acres, is ridgy land.

172. How much could you plough?—You could plough the whole of it, excepting about 15 or 20 per cent. That is, roughly speaking.

173. How many hundred acres are not ploughed?—I could not say, but generally about 15 to 20 per cent.; that is, of the particular ridgy parts, because there is some of it that is ploughable altogether.

174. When you signed this petition, did you not consider that your doing so would greatly influence others about there?—No.

175. Did you not hold a responsible position?—I did not know that it had not come from the people, that it had not originated from them. I did not know that, until after I had signed the petition. I found out from inquiries afterwards.

176. I understood you to say you signed this petition because you believed in breaking up these large blocks?—Yes, I had a reason; and I presume every one who signed it would have a reason too.

177. Do you sign documents or petitions without some reflection?—A petition of that kind. I was told, at the time I signed the petition, by *Mr. Turnbull*, that the block would be sold by *Mr. Douglas* very reasonably.

178. Did not the wording of that petition strike you as something exceptional?—Yes; but I did not go into the petition carefully. In fact, I went straight into *Mr. Turnbull's* office, in Clinton, and I did not know anything about it not coming from the people until afterwards. If I had known it was not coming from the people I certainly would not have signed it.

179. Did *Mr. Turnbull* tell you where it originated?—No. In speaking of the petition he said, "We," and I took it to mean the people of the district.

180. Did it not strike you that such a petition, signed by respectable men like yourself, might mislead the Government—making a statement of facts?—I have said they are not facts.

181. If you signed the petition it is practically saying so?—Any one selling property or anything will not say anything bad about it.

182. Would you sign something not true, to please others?—I told you that I only scanned the petition—that I did not know its proper nature.

183. Then, you sometimes sign documents without looking at the contents and understanding them?—In that case. I did not understand that.

184. *Mr. Lang.*] When you signed the petition you did not know the particulars, and since then you have regretted that you did not carefully read it. Is that so?—Yes.

185. You compare that with the “*Picturesque Atlas*”?—Yes.

186. *Mr. Meredith.*] You signed the petition, and subsequently read it in the *Otago Daily Times*?—Yes.

187. After reading it in the *Otago Daily Times*, you have since had time for reflection?—Yes.

188. Were you satisfied that you did the right thing in signing it?—Not as signing it as true. It said that it embraced the Burning Plains, amongst other things, and that was not true.

189. I was under the impression that you knew this locality and estate?—I do, well.

190. I understood you said you knew the estate, and that it included a portion of the Burning Plains?—Yes, a small portion.

191. Subsequently you found out that so much of the Burning Plains as you expected were not included?—Not at all. I know the estate, and I knew that none of the Burning Plains except a small portion was on it. I did not find it out afterwards, because I knew it before. The principal Burning Plains belongs to Clydevale.

192. *Mr. Green.*] You know the place thoroughly, and, if I understood the evidence correctly, you say there is a difference between the Burning Plains and the Burning Terrace; and you knew that Pomahaka did contain a portion of the terrace at any time?—Yes.

193. I think you said that this petition was presented to you by Mr. Turnbull, and that he signed it first?—Yes.

194. Did you depend upon Mr. Turnbull’s statement of the petition?—Yes. I knew nothing of it until he presented it to me and asked me if I would sign it. He said, “I will sign it, just to let you know that it is right.” And he did so.

195. If you had had a notion that this petition had not emanated from the settlers in the district would you have signed it?—Most certainly not.

196. *Mr. Hall.*] Do you think that this country is suitable for growing cereals?—No, it is not well suited for growing wheat.

197. You said you read this petition in the *Otago Daily Times*?—Yes, I did.

198. This petition said that it was land fitted for close settlement?—Yes.

199. Do you say that land only worth £1 an acre is fitted for close settlement?—It depends upon where you get it.

200. Is it fit for close settlement?—I do not know what you call “close settlement.”

201. You say that would be close settlement—800 acres?—Comparatively.

202. And you say it is worth no more than £1 an acre?—It would not pay interest on more than that.

203. At the time the land was going to be cut up, was there no remark about it?—No.

204. Had you no idea as to the areas this land would be cut into?—I certainly could not have had any idea. They said they were going to cut it up. I thought it might be cut up into 600 or 700-acre sections.

205. Do you think that that land—fit for the plough, to grow cereals, and fit to fatten lambs—could not be settled on closer than 800 acres?—I should say that land fit to grow all those things thoroughly would be fitted for closer settlement.

206. You have admitted now that only 15 per cent. of this land would be fit for the plough?—I did not. You are speaking of an entirely different thing.

207. What are the areas of these holdings?—I do not know positively the areas of the farms.

208. Did you sign this petition, knowing that it was not true?—I have already said that I did not read that petition carefully until after it appeared in the *Otago Daily Times*.

209. Did you read it.—I scanned it merely.

210. *Hon. Sir Robert Stout.*] I understand you bought a farm at Tuturau?—Yes.

211. That is a good deal south of this Pomahaka Estate?—Yes.

212. Had you bought the farm when the sale of Pomahaka was on?—No.

213. Were you intending to buy land at that time?—Yes.

214. And you preferred to go to Tuturau?—Yes; because it is much better land.

215. What price is the land?—I am paying at the rate of 4s., and have the right of purchase.

216. *Mr. Duncan.*] How long were you in the district?—I was in it three years.

217. Were you there when the first portion was sold?—No; the year following.

218. And you saw what these people did while you were there?—Yes.

219. Did they live in that immediate district before they purchased that land?—One lived in Kaihiku previously.

220. What distance would that be from Pomahaka?—About fourteen or fifteen miles; I am not quite sure—eighteen perhaps.

221. Was there any other from that district?—One other. He was a contractor in that district somewhere.

222. Are you acquainted with the people who purchased at the last sale from the Government?—No, I do not know the last purchasers. I saw the returns in the papers. I do not know one of them. [List of purchasers put in.]

223. I want to know if you can recognise any of these people who lived in the vicinity of Pomahaka previously to the application or purchasing?—I have seen this in the papers before. I do not know one of them.

224. *Mr. Mackintosh.*] You mentioned that the Pomahaka Estate would keep a sheep to the acre and a half?—Yes.

225. Do you mean in its condition when the subdivision took place?—I mean working it as a property by itself.

226. Were any turnips growing there?—No land is cultivated on it except what belongs to other people.

227. Who leased it?—The Australian and New Zealand Land Company.

228. Have they property adjoining?—Yes.

229. You said the stock was in very bad condition?—Yes.

230. And had about five thousand sheep on it?—About that.

231. Are you sure that some of the stock was not taken from the adjoining property?—I do not think so.

232. Was it worked as a separate property?—No; they had sheep on it sometimes, and sometimes off. Generally they had the one flock of sheep.

233. Do you know the Clydevale property?—Yes.

234. Is that good land?—Yes.

235. Do you know if any wheat is grown on Clydevale?—Yes; on portion of it near the Clutha River.

236. The price of land at Popotunoa that was sold afterwards sold at an average of what?—£3 8s.

237. Do you not know that the price realised has something to do with the terms offered?—I think not; because on going into new land you must have capital.

238. Do you think that with the terms one-half cash land would bring as much as with one-fourth cash?—I do not think it would make much difference, because the second year you would want a good deal of capital.

239. Can you tell the terms on which the trustees sold the Popotunoa property?—25 per cent. cash, 25 per cent. in two years, and the balance in five years, I think, with interest on the balance at 5 per cent.

240. Can you keep as much stock on an estate as a tenant at will, or as a tenant at three months' notice?—I could keep the same amount of stock.

241. As if you were allowed a long lease?—If I was allowed to cultivate, perhaps I might keep more.

242. Do you know Mr. Dallas, of Balclutha?—No; I do not know the gentleman.

243. Do you know Mr. Adams?—I have met Mr. Adams, the Chief Surveyor.

244. Have you heard any opinion as to whether Mr. Adams would be considered a competent valuator of land?—No; I do not know anything about him. I have simply met Mr. Adams.

245. Assuming that any of these settlers who selected the land were practical farmers, and knew anything of the property they were selecting, do you think it likely at all that they would give over £3 an acre for land that was really only worth between £1 and £1 10s.?—Well, I should say, No; not if they knew the land properly.

246. When you signed this petition, which states that this land was “admirably adapted for dairy farms and agricultural farms”—these words are underlined—did you expect that this land could be roaded and sold by the Government at from £1 to £1 10s. an acre?—I did not go into any calculations at all.

247. Did you expect it?—I could not expect that.

248. You did not consider it?—No; because Mr. Turnbull said he would sign it first himself.

249. Now, at the present time, with your knowledge of land, and with what rental you pay for your own property, would you call land worth only £1 or £1 10s. an acre fit for agriculture?—For growing grain?

250. Yes?—Certainly not. I do not think it pays to grow grain on land of that kind, especially when it is so far from a market.

251. *Mr. Scobie Mackenzie.*] When you signed this petition did you think that the Pomahaka land would be better in the hands of the Crown for settlement than in the hands of Mr. Douglas?—It would be better for settlement for the land to be cut up.

252. And think so still?—Yes; I always think that of the big estates.

253. Have you seen the settlers who bought the Pomahaka land in 1889 endeavouring to grow wheat on the land?—Yes.

254. Have you noted the effect?—It was unsuccessful on three occasions. I saw two crops, and a sample another time. The climate is too cold and wet. I know also that they could never grow a crop of potatoes. They have tried several times and cannot do it. They have even used guano, and cannot do it to advantage.

255. The farm you bought was an improved farm?—Yes, everything was there. It was laid down in grass, and had a homestead, &c.

256. *Dr. Fitchett.*] I gather from you that the settlers who bought in 1889 were not satisfied with their purchases?—They say that the land is sour.

257. Can you account for the fact that every one of them signed the petition?—I cannot say.

258. Did you know that Mr. Turnbull was Mr. Douglas's agent in Clinton?—I did not know that he had anything to do with Mr. Douglas.

259. Did you speak with Mr. Turnbull in favourable terms of the property?—No.

260. Will you contradict him if he says that you said one side of Pomahaka was particularly good?—I may have spoken in favourable terms of the northern part of it. That is the best part of the country in it—it is rolling downs.

261. *Mr. Duncan.*] These settlers who are already there—the 1889 purchasers—have they put any of their property to grass?—Two of them have.

262. What sort of grass-seed?—Generally ryegrass and cocksfoot. I have not seen clovers on that side. I have seen it on the other side, at Wairuna. The grass does not last any length of time. It does not hold.

263. *Mr. Hall.*] Is it not a fact that very much good land in this colony will not grow wheat on account of the climate?—Yes; that is so in the North Island.

264. Is wheat-growing generally a profitable occupation?—No, not profitable.

265. You say this land will not grow wheat on account of the wet climate?—It will not grow satisfactorily. It grows very good oats.

Mr. HARRY LYTTTELTON BRITTAN re-examined.

266. *Dr. Fitchett.*] You said yesterday in your evidence that Mr. Douglas came to the bank in Wellington in August and said that a petition was being presented, and asked the bank not to press for payment. Is that true?—Mr. Douglas was not in Wellington. I mistook the date. I knew that Mr. Douglas had seen us in Wellington within a month or two of the 22nd of August.

267. Will you swear that that was as late as June?—I will not swear about the date.

268. Mr. Douglas says that he has not been in Wellington since last April?—I will say that I did not see Mr. Douglas in Wellington in August. The evidence I gave was—and I read it from this telegram—that Mr. Douglas had informed us in Wellington on the 22nd August that there was a petition *re* the purchase of this property for settlement, and I telegraphed to my manager that this seems idle. But I found that it was a letter I received from Mr. Douglas on that date, and that I did not see Mr. Douglas personally. I have the original letter, and I have the postmark, but I do not care to read it. I was informed in Wellington on that date. The rest of the evidence is absolutely correct.

269. *Hon. Sir Robert Stout.*] Has the letter any bearing on the matter of this dispute or the petition?—The letter says that there is a petition *re* purchase for settlement, and he asks for delay on that account. It is a private letter; and Mr. Douglas used that as a reason for the bank not to press him.

Dr. Fitchett: The suggestion was that Mr. Douglas came to Wellington just about the time the land was offered to the Government, and in connection with the offer.

270. What about the agents being nasty?—He said in his letter the agents are inclined to be nasty. In our telegram to the manager in Dunedin I said it was idle. We could not entertain it.

271. What is the date of that letter?—17th of August, at Mount Royal. The other is the 19th August, and we received it on the 22nd—the day that I telegraphed. Both letters are from Mount Royal.

272. *Mr. Scobie Mackenzie.*] Does Mr. Douglas mention Mr. Ritchie in that letter?—I do not think Mr. Ritchie's name occurs in it. There is no mention of his name.

273. Does the letter mention any effort being made at all to forward the sale to the Government?—No; he is writing privately. The only thing bearing on the point is, "Let me also tell you that a petition at the present moment is being largely signed in Clinton and Clutha districts."

274. What was it he tells you before in that connection?—He commenced by saying he is in receipt of the demand for payment, as to which I gave in evidence; and then he says, "In these times it would be impossible for me to do so"—that is, pay at once. And then he says, "I may also tell you there is a petition," &c. That is the substance of the letter; and it was this letter that my evidence was based on. I spoke from memory when I said he was here in Wellington in August.

Mr. ALEXANDER BARRON, Superintendent of the Crown Lands Department, was examined in connection with the records relating to the purchase of the Pomahaka Estate by the Government.

275. *The Chairman.*] Have you supplied the documents required by the Committee?—I have made an abstract.

276. *Hon. Sir Robert Stout.*] Do you mean by "abstract," a copy?—That is a copy from the record-book.

277. Do you mean that every document mentioned in the record-book is mentioned here?—I sent an officer up this morning to compare the record-book with this extract, and he informs me that it is an absolute copy.

[Mr. W. F. Hilson, Clerk of the Waste Lands Committee, gave evidence that he had compared the list with an officer of the Lands Department, and certified to its correctness.]

Mr. THOMAS MACKENZIE, M.H.R., examined.

278. *Mr. Scobie Mackenzie.*] Your name is Thomas Mackenzie?—Yes.

279. Are you member for the district in which this land was sold to the Government?—I am.

280. You remember the sale to the Government?—Yes.

281. Did you hear, previous to the sale to the Government, of any movement on the part of the settlers to get this land?—Nothing beyond the receipt of the petition. I heard of no movement at all on the part of the settlers.

282. There was no agitation of any kind?—I was here while the petition was being got up.

283. Previous to your coming to Wellington you never heard of any movement to get the land?—No.

284. If there had been any movement to get the land would you have expected them to come to you about it?—Yes.

285. And on this occasion they did not?—Yes.

286. Have you anything to say about the matter at all—any information to give?—I can only describe to you the history of the receipt of the petition and its presentation.

287. I understand that you were desirous of making a statement?—I should like to answer any questions put to me.

288. *Hon. Sir Robert Stout.*] Do you know the land yourself?—I have never been on it—I have seen it at a distance only.

289. What is the general character of the land except the places about Waiwera?—At Waiwera it is very good, and then as you get towards Clinton and Otaraia it becomes poorer. It is cold country; and about the vicinity it is generally of that character.

290. And right on to Gore; is not that a cold soil?—Yes, generally.

291. *Mr. Green.*] You presented the petition?—Yes.

292. Do you think it contained the names of genuine settlers?—There were the names of genuine settlers upon it. I also saw the names of a good many people about Balclutha. I may say when I presented the petition I understood it was a genuine petition emanating from the settlers themselves, and I was justified in that conclusion from a letter received from Mr. Douglas. He says:—

“Mount Royal, Palmerston, Otago, 17th August, 1893.

“DEAR SIR,—Settlers and others in your district are making petition to Government asking them to secure and then offer on long terms (the thing that a private individual cannot well do in these times) for close settlement my Pomahaka Downs and Burning Plains Estate, about 7,450 acres. The success of this depends very much upon the way you view it. But as I know you have hitherto done all in your power to advance the settlement of the district, venture to ask your aid, and consequently do so with the more confidence.—Believe me, yours faithfully,

“T. Mackenzie, Esq., M.H.R., Wellington.”

“JOHN DOUGLAS.

293. *Mr. Hogg.*] At the time you presented the petition to the Minister you did not think that Mr. Douglas had anything to do with it?—I thought it was a spontaneous petition from the people, but from the evidence coming out here it appears that Mr. Douglas had more to do with it than the people, although it bears the names of a good many genuine settlers throughout that part of the district.

294. *Mr. Hall.*] You have spoken of having a knowledge of the country generally. Have you any knowledge whatever of Pomahaka?—Do you mean from conversations or from its surroundings?

295. Of the ground?—No; I have never been on the ground.

296. Do you not find there is at times a great difference in the nature of country in the matter of a mile or so?—Yes.

297. Although you know the country in that district, would you say from your knowledge of its nature that Pomahaka is not good country?—First of all, I do not say from personal observation that the country is inferior. I say Waiwera is good land. Although land may be inferior, qualities may quickly alter, and land quite near to it might be good.

298. *Dr. Fitchett.*] You said you took the petition to be entirely an emanation from the settlers?—Yes.

299. Did you not know that Mr. Douglas was the owner of the land?—Yes.

300. You got the petition on the 27th August. Here is Mr. Douglas writing to you about the petition on the 17th, ten days before it came up, and you really say you did not think Mr. Douglas had anything to do with it?—I did not mean in that sense.

301. Then, you did think he had something to do with it?—Certainly.

302. Is that not a petition from the settlers to the Government? It is from settlers and others in the district making a petition to the Government?—That is true.

303. You heard Mr. Stevenson give an estimate of the land; do you support that estimate?—I told you I have not been on the land. If you wish me to give you hearsay evidence I can give you ample.

304. Have you ever expressed an opinion as to what the land is worth?—Yes. I have expressed an opinion as to its value, based on the opinions of others.

305. What opinion did you express?—I have expressed the opinion that I thought the land might be worth £2 an acre.

306. Was it not £2 10s.?—I expressed an opinion to Mr. Ritchie when he asked me about its probable value. I said, “If the land is as good as Clydevale, which lies into it—that includes this Burning Plains land, and the land between the Pomahaka Estate and Pomahaka River—I have been on that—it ought to be worth £2 10s.” I have got that in the letter.

307. *Hon. Sir Robert Stout.*] What opinion from other people have you got about it?—From the settlers all round there.

308. *Mr. Meredith.*] When you received the petition and scanned through the names—and knowing, as I presume you do, many of the names on the petition—had you any doubt in your mind as to the *bona fides* of the petition?—No, I had not.

309. You say you have not been on the estate at Pomahaka?—No.

310. But after going through the petition were you of opinion that the names of the gentlemen attached to that petition were sufficient to justify you in assuming that the acquisition of the land for settlement purposes was a good thing?—Yes.

311. *Dr. Fitchett.*] Did you think it was suitable land?—I think it suitable land in suitable areas from what I know of the land in the neighbourhood.

312. *Mr. Meredith.*] At the time the petition was sent, did it cross your mind that there was any political jobbery in it?—No.

313. *Mr. Scobie Mackenzie.*] What did you assume Clydevale was worth?—£2 10s.

314. In its native state?—My expression was, if the Pomahaka was as good as Clydevale that is lying into it—really between the Pomahaka River and the Pomahaka Estate—that it ought to be worth £2 10s. an acre.

315. Taking the comparison, what is Clydevale worth with all improvements?—I would put that portion of Clydevale down at £2 10s. to £3 an acre.

316. When you made that comparison, did you not assume that that price would include all the improvements, fencing, &c.?—Yes.

317. Then you valued Clydevale as it was, *plus* all these improvements?—I valued Clydevale as it was then, with all the improvements.

FRIDAY, 28TH SEPTEMBER, 1894.

MR. J. G. RITCHIE recalled, and examined by Mr. Scobie Mackenzie.

1. *Mr. Scobie Mackenzie.*] There were allusions made, in the course of the evidence by you on a former occasion before this Committee, to a telegraphic communication which passed between yourself and Mr. Douglas, of which the terms were at that time unknown—that telegram has since that time come to light. It refers to a statement that some arrangement had been made by you with the Union Bank in respect of the sale or purchase of this property?—I have no copy of it.

2. There was some mistake—the important word “you” was left out, which made it read, “Have arranged with the bank,” instead of “Have you arranged with the bank?”—that was a mistake?—Yes.

3. Then you had no arrangement with the bank at that time?—No.

4. What was the date of that—was it the 30th of August?—I thought it was before that. I have no copy of it. I understood that the matter would probably be settled in a few days.

5. What was to be settled in a few days?—The matter as to whether the Government would entertain the offer of the property or not.

6. I want to know what reason you had for supposing that it would be settled in a few days?—I knew that Mr. Douglas had made the offer.

7. But what was to be settled in a few days?—I knew that Mr. Douglas had made an offer—that it would have to go before the Land Purchase Board; therefore nothing could be done for some time.

8. But what was to be settled in a few days?—Whether they would undertake to look at the property or not; whether they would entertain the offer.

9. The property had been examined?—That was only preliminary; it had never been before the Land Purchase Board.

10. Would you state precisely what it was that was to be settled?—The only answer I can give to that question is that there could be no definite answer given for a few days.

11. What was the Board to do, was it to see whether they would purchase?—No; whether they would entertain the offer or not.

12. Who told you it would be settled in a few days?—Some one in the department. I think I had a conversation with Mr. Percy Smith about it. He was Chairman of the Land Purchase Board.

13. Are you aware that Mr. Percy Smith has denied that—that he had any conversation with you on the subject?

Dr. Fitchett: Mr. Percy Smith said he had no recollection.

14. *Mr. Scobie Mackenzie.*] Well, as far as your recollection goes, Mr. Ritchie, did he tell you whether it was going to be settled in the course of a few days?—I cannot tell you whether he said so or not.

Mr. Scobie Mackenzie: I am prepared to submit myself for cross-examination if desired; but in making a statement to the Committee, I believe I am in the position of examining myself. I may at once state that, at a public meeting in Palmerston, in November, 1893, at the time of the general election, while referring to the powers given to a Minister under the proposed Land for Settlements Bill, I said—

Dr. Fitchett: The speeches are in evidence.

Mr. Scobie Mackenzie: If Dr. Fitchett will allow me, my evidence will only take five minutes or so. Dr. Fitchett has the right of cross-examination. Referring to the language I used on the occasion of my speech in Palmerston—

Dr. Fitchett: Of course, I intend to avail myself of the right.

Mr. Scobie Mackenzie: Of course. Let it be distinctly understood that I am answerable to no one for what I say on the platform. On the occasion when I spoke at Palmerston I said:—

“Let it be clearly understood, I am far from suggesting corruption in connection with my opponent in this contest. I say again that I do not even include him among the political Spielers. 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 downrightly bad purchase, a much worse one than Cheviot. I only know the land by repute, but it is a cold, ungenerous soil. It is purchased on the eve of the general election. The owner of it is an influential man in this immediate neighbourhood. He employs a number of men, and may influence a number of votes. His nephew is head of one branch of the Minister's department. The land has been for sale for many years. I heard it myself offered for sale at the same price, I think, ten years ago. It has been rented for a long time at 6d. per acre, which is 5 per cent. on a capital value of 10s. per acre. I believe that, even at that rent, the land was about to be thrown up. Now, all these things may be mere isolated facts—there may be no connection between them at all. But the Minister's mind may be influenced unconsciously by the pressure of his friends; by the fear of his enemies; by fifty circumstances which have no direct connection with corruption, but which lead in that direction. I want you to remember this: it has never been the policy of the English law or custom to invest any individual with unchecked power over his neighbour.”

I say now that those remarks of mine are literally and absolutely true. A vast deal more has been proved true, that I had no conception of at the time. I believe the opinions as stated in the passage quoted to be thoroughly sound, and uttered in the public interest. One small error occurs among the facts—namely, where I said the land had been leased for a number of years at 6d. an

acre. It should have been 9d. It had once been 6d.; and, as a matter of fact, it was during all these years 6d. in a sense, unperceived by me at the time, for Mr. Douglas had to pay first property-, and afterwards land- and graduated-tax, out of the 9d. per acre rent. I am not, as I have said, answerable to any one for what I may say in public. I am here out of respect for a Parliamentary Committee, who invited me to attend. I appear here, I believe, as a witness, and have nothing else to do with this inquiry—except in so far as I was also invited to examine the witnesses. That is all I have to say.

15. *Dr. Fitchett.*] You say that the words you used were absolutely and literally true?—Literally and absolutely true.

16. What meaning did you intend them to convey?—Precisely the meaning that is ordinarily attached to the words. You are as good a judge of their meaning as I am.

17. Did you mean that your audience should infer that the Minister had been guilty of corruption: I wish you to answer the question “Yes” or “No”—you can explain afterwards?—No, I did not; on the contrary, I could hardly do that when I had made an express repudiation of corruption. I commenced with the following: “Let it be clearly understood that I am far from making any suggestion that the Minister is guilty of corruption.”

18. Have you any reason to suppose that your audience inferred that the Minister had been guilty of corruption?—None whatever.

19. Do you believe that your audience did not infer corruption?—I have not, I think, heard the word “corruption” mentioned at the time, or since in the public prints.

20. You are on your oath. Do you say that you never saw any imputation of corruption or jobbery, or heard of any such imputation being inferred by your audience or in the public prints?—Absolutely none. I should like to see any such produced.

21. Have you always assumed that attitude?—In what capacity do you mean?

22. When you made speeches in public, or when writing in papers?—Most undoubtedly so, from first to last.

23. You are unaware that your words conveyed that impression?—Wholly unaware of it. I am not responsible for other people’s minds. The words used speak for themselves.

24. Do you tell the Committee that you are unaware that the public have made such an inference?—So far as I am concerned I am not aware of it; but I cannot answer for the public mind. If the public cannot understand plain words, I am not responsible.

25. Do you believe that the construction you put on the words you used is the construction put on them by the public?—Yes.

26. Would it not be your duty to correct an imputation of corruption put upon language used in your speeches?—I do not think so necessarily.

27. Where the language is considered to impute corruption to a Minister of the Crown, would it not be your duty to do so?—Certainly, if the words used were in any way distorted; I have said so already.

28. I want to get your statement clearly before the Committee. You say that you never intended corruption to be inferred against the Minister, and that you never knew it was inferred from your words?—Never.

29. You know the correspondence that took place in the *Otago Daily Times*, in which you took so prominent a part?—I attached my name to any correspondence. I always do.

30. Do you remember a correspondent calling himself “Watch”?—I do; the man appeared to me to be a fool.

31. I will quote from his letter: “On the 6th November Mr. Scobie Mackenzie is reported to have said: ‘Take this last Pomahaka purchase, for instance. I believe it to be a downright bad purchase—a much worse one than the Cheviot. I only know the land by repute; but it is a cold, ungenerous soil. It is purchased on the eve of a general election; the owner of it is an influential man in this immediate neighbourhood; he employs a number of men and may influence a number of votes; his nephew is head of one Government department. The land has been for sale for many years; I heard it myself offered for sale at the same price, I think, ten years ago. It has been rented a long time at 6d. per acre rent, which is five per cent. on a capital value of 10s. per acre. I believe even at that rent the land was about to be thrown up.’ Now, I take it that these remarks were intended to convey, and did convey to those who read them, this, namely, that the Minister of Lands had corruptly and wickedly used his authority to buy the influence of Mr. John Douglas at the election just past, and that he (the Minister) had given at least £2 per acre more for the Pomahaka land than it was worth for the purpose of buying Mr. Douglas’s influence. This was the meaning I found in the remarks, and I know that many others found the same meaning in them. If they did not mean this, I still fail to understand what they did mean. I and many others thought that Mr. Scobie Mackenzie had unearthed a job. Two days after, however, I saw that Mr. Douglas, &c.” Do you still say, after hearing that letter read, that you were unaware that people inferred corruption?—Yes; my opinion is not affected by an anonymous letter-writer.

32. With whom you corresponded until the correspondence grew too inconvenient for you to continue. He says, specifically, that he and many others thought you had unearthed a job—the job being that “the Minister had wickedly and corruptly used his influence, &c.” Do you still persist in saying that nobody understood you to have charged the Minister with corruption?—Yes; I say so.

33. You replied to that letter, and I will quote from your reply: “One sentence only in ‘Watch’s’ letter may be worthy of notice now. . . . ‘I and many others thought that Mr. Scobie Mackenzie (after his Palmerston speech) had unearthed a job.’ Now, the obvious meaning of that sentence is that while ‘Watch’ and ‘many others’ thought I had unearthed a job they do not think so now. I therefore propose shortly to direct the attention of ‘Watch’ and the public

generally to the facts that have occurred and that have been unearthed since I made that speech. It will then be for 'Watch' to remain, or to pretend to remain, if he chooses, under the easy belief that the Pomahaka purchase was a perfectly straightforward and honourable transaction, especially on the part of Mr. John Douglas. What, then, occurred since I made my speech? The Hon. John McKenzie replied to it by throwing down upon the table of the hall, in Palmerston, a petition signed by 301 settlers of the Pomahaka District. That was his sole defence for the purchase." In the face of your own words in this letter, you still say that you never intended to impute a charge of corruption against the Minister?—I never imputed corruption to the Minister, nor did the bulk of the community do so either. I am not responsible for what a man like "Watch" says; but I wish here to draw the attention of the Committee to the fact that Dr. Fitchett is distorting or evading the point at issue. "Watch" was simply throwing a shield of protection over Mr. John Douglas.

34. I am doing nothing of the sort. I wish to know whether you swear that you never imputed corruption to the Minister yourself, and that you never heard any one else infer from your words a charge of corruption against the Minister?—No, I have not. I have answered half a dozen times.

35. There was a letter in the *Otago Daily Times* signed "X," written in your interest; do you remember that letter referring to the Minister. You are aware, I presume, that the Minister himself took it that a charge of corruption was made against him in your speeches?—He has said that he could not fasten on anything I said which would constitute a charge of corruption; but that it was by insinuation.

36. That correspondent—"X"—does not he assume that you made a charge of corruption against the Minister, which he (the Minister) has not met?—What an anonymous correspondent to a newspaper may say is no business of mine.

37. But you have sworn that you never saw or heard in the public prints or anywhere else that a charge of corruption was inferred from your speech. That is the point. "X" was your own ally in the correspondence. He says in this letter and in reference to your speech, "The Minister said, 'it was only fair to meet this terrible charge which had been publicly made'; but to this day he has not met the charge which he admits to be terrible."—I know nothing about "X" or his letter; it is no business of mine.

38. In a subsequent letter (11th December), "Watch" says: "Let me restate the position. On 6th November Mr. Scobie Mackenzie plainly accused the Minister of Lands of having used the public money to obtain Mr. John Douglas's vote and influence at the late election," &c., &c.; and you still deny that you ever knew that such a construction was ever put on your speech?—I remember something about it, but I paid no attention to "Watch"; I refused to reply to him until he gave his name.

39. You replied on the 16th, that in asking whether the land was worth the money, he showed that the moral aspect of the question was nothing to him. Does not this refer to the Minister?—No; the letter plainly shows that the moral aspect referred to Mr. Douglas and the petition.

40. Not as concerns the Minister?—No; as concerns Mr. John Douglas.

41. Not concerning the Minister: the "moral aspect of the question"? Do you mean to say that had no reference to the Minister?—No; I say more than that: I say that it was distinctly stated that the "moral aspect" referred to the fraud perpetrated by Mr. John Douglas, in the matter of the petition. I went over them seriatim, stating distinctly the circumstances under which they had been committed. I referred wholly to Mr. Douglas; I never once mentioned the Minister's name.

42. The Minister's name is studiously omitted, but the implication is plain. Then, there is the letter of the 20th December, in which the same writer says, "Mr. Scobie Mackenzie has made a vile and shameful charge against the Minister of Lands, and has not brought one proof to support it." Again he repeats the allegation?—

Mr. Green: And supposing he did say so a thousand times, is this man to be held responsible?

The Chairman: I think that Mr. Scobie Mackenzie would be quite justified in refusing to reply to any anonymous correspondent in a newspaper.

Dr. Fitchett: But he does reply over and over again, and never once does he say that a wrong construction has been put on his speech. On the contrary, he proceeds to justify it. That is the point.

Mr. Scobie Mackenzie: The reason is that the papers were at that time flooded with letters, many of which repudiated the charge of corruption on my behalf. I do not, as a rule, reply to anonymous letter-writers in the newspapers.

43. *Dr. Fitchett.*] Here is another letter of yours of the 25th December, in which you say, "'Watch' . . . practically impugns my veracity, while deliberately ignoring all the exposures that have been made of those persons with whom I am at variance." Were you not at variance with the Minister?—No; not from the date of the election.

44. You say that it was not inferred that you made a charge of corruption against the Minister. This correspondent not only infers it, but states that the charge ought to be met, and that you had not brought any proof of the charge?—He may have said so.

45. Did you not say that if he gave his name you would answer every particular?—That is not a charge against the Minister. I do not think there was any one who heard me who would refuse to indorse everything I have said. I reiterate the words now. I was having a correspondence with the newspapers not about the Minister, but about Mr. Douglas and his petition. I never had any correspondence with the Minister since the day of the election.

46. *Mr. Duncan:* You say you were only at variance with Mr. Douglas in this newspaper correspondence. You were not at variance with these anonymous writers?

47. *Dr. Fitchett.*] You were not corresponding with them?—No.

48. *Mr. Duncan.*] What was your intention in making those statements?—To show the danger of unchecked power in the hands of any one man to purchase large estates like this with public money—a man who may be subjected to pressure by the solicitation of friends or the fear of enemies. I maintain that to be absolutely sound, and in the public interest, whether spoken or written.

49. Was it not in your mind that it would impress the public with the notion of corruption as against the Minister?—I was addressing those who were prepared to give me their support at the election. There were present persons who were prepared to support the Minister. I had a perfect right to make any statement of fact that might affect the minds of either. If you want to know whether I wanted to generally damage my opponent's cause and help my own, I will not deny it.

50. *Mr. Mills.*] When you made that speech, were you not aware that all these purchases would have to be made according to the statute?—They should have been, but they were not.

51. Are you aware that they had to be?—I am aware that they should have been made according to the statute, but I am not aware that they were.

52. Were you unaware that the statute confined the Commissioners to certain things? When you made the statement, were you aware that any purchase would have to be made through the Board?—Yes, I was aware that the Land for Settlements Act of 1892 constituted a Board to make purchases of land, but that by that Act the Minister was above the Board. The Board might recommend a price, but the Minister may, as "Governor in Council," not accept the decision of the Board. The Minister is in reality the Board, under the Act of 1892.

53. Did you know that the Commissioners had fixed the price?—Certainly not; I do not know it now.

54. Then, how was it that you complained of corruption; or how could you infer corruption in saying that too much money was paid for the land, or the estate rather?—Too much money had been paid for the estate. I knew that £2 10s. had been paid for it.

55. Then, why not impute the blame to the Land Purchase Board?—I throw the blame on nobody; I do not throw blame on any particular person. I said that a very bad purchase had been made.

56. But why did you not impute any blame to the Land Purchase Board?—Because I did not see that the Board was specially connected with it more than anybody else.

57. I ask you why you did not?—I did not impute blame to any one. I was speaking generally. Had I been imputing blame I might have given the Board a share of it; but I believed then, and I see now, that the Board was the Minister.

58. *Mr. Mackintosh.*] Did the Minister fix the price?—Mr. Douglas suggested the price with Mr. Adams.

59. Were you aware that the Minister would not allow any increase of the amount fixed by the Board?—He said so in his speech, afterwards, but I could not know it at that time.

60. Then how did you come to mention the price?—I knew the price was £2 10s., but I did not know who had fixed it; I knew that by the Act of 1892 the Board was the Minister, and I maintain that now.

61. You maintain that, in a matter on which the Board was the proper authority to decide, the Minister was responsible?—Yes; he could do what he liked; he might accept the decision of the Board or he might reject it; he might accept or reject the price; he might do anything.

62. In the light of the evidence you have heard here from the various witnesses in this inquiry, do you now consider that, if any one is to blame, it must be the Land Purchase Board?—I am not prepared to say that.

63. Do you not think that if any one is to blame it must be the Lands Purchase Board?—No.

64. Then who do you think is to blame, if they are not to blame?—Primarily, the Minister in charge of the department, and probably the Commissioners at the same time. I think the Minister is to blame.

65. After all the evidence that has been taken, do you think it was the Commissioners?

The Chairman: I think we have had all this before.

66. *Mr. Mackintosh:* I think the question ought to be answered.

Witness: I think the whole system of land-purchase under the Act of 1892 is absolutely rotten, and that, in this matter, all connected with it are to blame, including the Minister; all alike have been fooled by Mr. Douglas.

67. Do you include in "all" of them, Mr. McKenzie?—Most undoubtedly; as the head of the department, certainly; how can he divest himself of his responsibility?

68. Then, why did you say you never imputed blame to the Minister?—I never said anything of the kind. Corruption and blame are two different things. The Commissioners are culpable; the Minister is culpable; but I never made a charge of corruption against any one, and I am not doing so now.

69. *Mr. Mills:* In what way do you consider the Minister was to blame?—In allowing a man to impose an incumbered and unsaleable estate on the public at an improper price; somebody must have been to blame, and if the Minister is not who is?

70. Do you not blame the Land Purchase Board?—They may have their share of it.

71. *Mr. Hall:* You said that the Minister and Mr. Adams fixed the price?

Hon. Members: "No, no."

72. Were not Ministers asking for offers to sell land all round the country?—I think so. Someone said there was an advertisement in the newspapers for that purpose. I did not see it myself.

73. Was not Mr. Douglas quite within his rights to offer this land and put in his application?—Certainly he was; but he was not within his rights in getting up a "bogus" petition.

74. You think he was quite right in offering the land for sale?—Certainly; you can offer anything you like if you can find a man who will buy. It is merely a question of how many fools there are in the world.

75. Mostly fools, eh?—The bulk of them.

76. *Mr. Hall.*] Have you any reason to believe that the Commissioners were not acting conscientiously in the interest of the country when they agreed to give that price?—I decline to say whether they were conscientious or not, so far as this matter is concerned.

77. You have heard the evidence of Mr. Adams, the Minister, and the other witnesses: have you any reason for believing that they did not act conscientiously?—No; I have no reason to believe that they were acting otherwise than conscientiously from the evidence I have heard. So far as their consciences are concerned I have nothing to say, or as to their official judgment I have nothing to say.

78. Have you seen the land?—No; I never was on it.

78A. You say that, in your judgment, the price paid for the land was too high. How do you form that judgment?—Easily. I have been accustomed to judge of land values throughout Otago for a great portion of my life. I know nearly every district in Otago by repute. I have been accustomed to make very responsible valuations of property in various quarters in Otago. I have been in the immediate vicinity of this land. I know the Clydesdale Estate, which is only divided by a river from this land. I knew the Clydevale Estate when it was in its native state, and therefore much easier to use as a basis of comparison.

79. *Dr. Fitchett.*] It is divided by a fence, not a river?—For a part of the boundary. I have had scores of letters from competent men about it, giving their opinion, and condemning the purchase. I have these letters by me, but I have not been allowed to introduce them, on the ground that they are not evidence. I have known this particular place by repute for a very long time.

80. *Mr. Hall.*] And, notwithstanding you had all these letters—I do not want you to evade the question I am putting to you—can you say, from your own personal knowledge, that the price put upon the land is too high?—From my absolute knowledge of the land, so far as inspection is concerned I cannot fix a price; but I fix the price in the same manner that all financial institutions do so. In the same manner that all financial corporations do it. You have had the evidence of banks that never saw it. In precisely the same way I form my valuation.

81. Have you ever lent money on this estate?—No; nor on any other.

82. Have you ever sent an agent to value it?—No, but I know it well by repute.

83. Only by repute?—Yes, by repute. I said so at the election.

84. Is that the only reason?—No; I never said that was the only reason. I have a great variety of reasons, all very cogent.

85. The only reason you said you had was because of its reputation?—There are a great variety of reasons. There is the amount of rent paid for the use of the land; the character and condition of the stock upon it; its carrying capacity for sheep and cattle; and fifty other circumstances of a like kind, all of them exceedingly cogent.

86. *Mr. Green:* Have you heard the Commissioners who fixed the price of the land give their evidence?—Yes.

87. Do you remember the price they fixed?—Yes; £2 10s.

87A. In their evidence do you remember whether they said they had been on the ground?—They said they had not been on the ground.

88. Do you consider yourself as capable of giving evidence on such a subject as those gentlemen?—Yes, much more so than these particular gentlemen, the Commissioners, for I have been practically connected with land all my life, and they have not.

89. You say you have been on the Clydevale Estate. Have you been on the Waipahi Estate?—It is twenty years since I have been over it. I would not be sure that I could answer for Waipahi.

90. Pomahaka?—I have never been over Pomahaka, but I have been on Clydevale, which adjoins it. I know the character of the land in that district well.

91. *Mr. Mackintosh:* You say that the whole system is rotten, and you blamed everybody concerned?—For that particular purchase.

92. Minister and all?—Yes.

93. In what way do you blame the Minister?—I have already said that, under the Act of 1892, the Minister was the Board. The Minister is, of course, in any case responsible for any transaction that takes place in his department. In this case he was practically the Board; the Act makes him so, as you will see, if you read it. He cannot divest himself of the responsibility of having made a very bad purchase. There are other reasons: I think that the Minister ought to have detected the imposture of that petition. There are very few people in Otago who knew Mr. Douglas who did not say, the moment they read that petition, that it was his. In a later speech at the election, I said I would stake my souls salvation that Douglas wrote every word of it.

94. The petition was presented by the member for the district?—It was presented by the member for the district.

95. Did anything come out impugning the member for the district?—No; certainly not.

96. Had not the Minister the right to believe the petition, seeing that it was presented by the member for the district?—It is very much a question of acuteness.

97. If the Board fixed the price at £2 10s., and Mr. Douglas accepted it, where was the Minister to blame?—The Minister was at the back of the Board. He should not have allowed this purchase to have been made. The department had been set in motion by the officials before this petition came up. The Minister should not have condoned the conduct of public servants who had acted without his knowledge on their own motion. The whole thing is bad.

98. If it is true that the Minister, as you say, has power to reject or accept, I want you to point out where the Minister was wrong if he followed the decision of the Board, who had recommended £2 10s. an acre? Where was he wrong?—I will tell you that when I address the Committee. I have pointed out the different ways the Minister might be to blame. I cannot go on repeating the thing all day.

99. But you say that it was a rotten system?—Thoroughly rotten; and the result in this case utterly disastrous. I think it was a deplorable purchase, and I hope to convince you of that.

99A. (To Chairman:) I do not wish, Mr. Chairman, to put any question that is unfair. I have no desire to suggest anything but what is fair; but Mr. Scobie Mackenzie has stated that they were all to blame who were in any way connected with this purchase. I now ask what share had the Minister in it. In what way (to Mr. Scobie Mackenzie) do you consider that the Minister was to blame?—The Minister is the head of a Department, and responsible for the conduct of his officers. A bad purchase has been made. He is responsible for that; and, as head of the department, he is responsible also for the Board.

100. *Mr. Duncan.*] You stated that the Minister could object to the price, or he could accept the price, or that he could raise the price?—He could do anything he liked.

101. Now, will you tell me under what clause he could raise the price?—If you read the Act you will find that what I say is correct. The Act, moreover, says that the thing should be initiated by the Purchase Board; but in this case it was not so.

102. Then, in talking further about this petition, you said that Mr. Douglas was not within his right in getting up a “bogus” petition. How do you mean that he was not within his right?—I mean moral right.

103. You especially base your opinion about prices being too high; in fact, you go upon grounds very different from those already stated. There is the Wairuna Estate, and the Clydevale Estate?—The Wairuna Estate is somewhat of the same character, and so was the Clydevale Estate originally. In my opinion it is infinitely superior to Pomahaka. It is more level and warmer; that is also the general opinion.

104. You say that he should not have allowed this purchase to be initiated?—No; I said the department was set in motion unknown to the Commissioners; that is the testimony of the principal officials who gave evidence before this Committee, that “the department was set in motion” before the purchase was initiated by the Commissioners. That was the testimony of Mr. Barron himself. What I said was this: that the Minister should not have condoned the action of his officers in doing so, for it put him in a false position. It allowed him to say in public that he founded his purchase on the petition; whereas, in fact, the first steps were taken ten days before the petition came up: that is revealed by the evidence we have had before this Committee.

105. *Mr. Mills.*] Do I understand you to say that it was in the power of the Minister to raise the price of land without the consent of the Board?—Whatever price the Minister wished to give he might have carried it. The Minister was the Board. He had the power, and if he choosed to exercise it the Board would have to agree to it.

106. Are you aware that in clause 4 of the Land for Settlements Act these words occur, “The Governor may purchase at any price which may be agreed on between the Governor and such owners on the recommendation of the Board”?—Yes, he may; and he may not.

107. Do you consider it was in the power of the Minister to buy that land without any recommendation from the Board?—I should like to see the Act first; I am not prepared to say he could. He may do it on the recommendation of the Board, there is no question about that. The Minister, certainly, is supposed to get the recommendation of the Board before he does so. I think the law requires the Board’s recommendation, but does not require any special price to be fixed.

108. Could the Minister fix the price without consent of the Board, or above their own recommendation?—I think from the evidence that has come before us the Board would be guided largely by the Minister; if not entirely.

109. That is not a fair reply, give me a definite answer?—I have given a definite answer to that question.

110. Do you say that the Minister can alter the price fixed by the Board in any way?—I do not think he could alter the price fixed by the Board; but I think he is the Board all the same.

111. *Mr. Green:* Do you think the Board had the power of fixing the price?

112. *The Chairman:* Independently of the Minister?

Mr. Green: Independently of everybody.

Witness: I cannot answer for the conduct of the department, but from what I gather here the price would be fixed in consultation between the Minister and the Board.

The Chairman: That is only your opinion.

TUESDAY, 2ND OCTOBER.

MR. SCOBIE MACKENZIE'S ADDRESS.

Mr. Scobie Mackenzie: I propose, Mr. Chairman, to sum up the evidence which has been adduced in this inquiry. In doing so I will endeavour to be as brief as possible. I may say, at the outset, that this inquiry is in no sense due to any action of mine, and I cannot be held responsible for the expense of it in any way. The past three weeks have been occupied in taking evidence for the Crown, while two days have been devoted to taking such evidence as I had to give. The time was sufficient for my purpose, and I have no right to complain, since I have no status here, and it was by the Committee's invitation I took up the position I now occupy. Indeed, I may safely say that a large portion of the case on my own side could fairly rest on the evidence which has been extorted from the witnesses on the other side. Now I hope to establish a complete, I might say a crushing answer to the case set up for the Crown—a case showing that this Pomahaka purchase was, in the first place, a highly improper one, involving a great waste of public money in the purchase of land not at all of a desirable character for settlement; involving, also, payment by the settlers on it of crushing and unpayable rents; the sole effect of the purchase being to unduly fill the pocket of a private individual. In the second place, I shall show the Committee—to its satisfaction, I am sure—that the purchase by the Crown was itself founded on what, without any resort to language unusually strong, must be called a fraud. I do not think the Committee can possibly differ from me on this second head. I am here solely as an invited witness myself, in consequence, I understand, of certain criticisms of the purchase made by me as a public man. For these criticisms it is only right I should at once tell the Committee I am not responsible to any one; but I here affirm that all I said was true—every word of it—literally and absolutely. And the statements I made, so far as they were matters of opinion, were to the best of my belief thoroughly sound, and uttered in the true interests of the colony. Now, what were these statements—my criticisms? They form part of the evidence; but I will ask the Committee to allow me to read them again, for it must be remembered that, however familiar the Committee may be with them, a large portion of the public will read them for the first time. At the general election in November of last year I alluded to the Pomahaka purchase at Palmerston as follows:—

“Let it be clearly understood that I am far from suggesting corruption in connection with my opponent in this contest. 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 Pomahaka purchase, for instance. I believe it to be a downright bad purchase, a much worse one than Cheviot. I only know the land by repute, but it is a cold, ungenerous soil. It is purchased on the eve of a general election. The owner of it is an influential man in this immediate neighbourhood. He employs a number of men, and may influence a number of votes. His nephew (Mr. Ritchie) is head of one branch of the Minister's department. The land has been for sale for many years. I heard it myself offered for sale, for the same price, I think (£2 10s. per acre), ten years ago. It has been rented for a long time at 6d. per acre, which is 5 per cent. on a capital value of 10s. per acre. I believe, even at that rate, the land was about to be thrown up. Now, all these things may be mere isolated facts. There may be no connection between them at all. But a Minister's mind may be influenced, unconsciously, by the pressure of his friends, by the fear of his enemies, by fifty circumstances which have no connection with corruption but which lead in that direction.”

I maintain that all the statements made by me in that speech, though I am not answerable to the Committee for them, have been proved to be true throughout this inquiry. As to the statement of opinion in the last sentence which I have just read—namely, that the mind of a Minister might be unconsciously influenced by the pressure of friends, or the fear of enemies, &c., as far as that statement is concerned, I can safely appeal to any member of this Committee whether it does not embody sound opinions. I would remind the Committee that the House has, during this session, thought fit to disallow a proposal that the member for each district should be also a member of a Land Purchase Board for that district, largely on account of the influence that might be brought to bear on a member of the House by the pressure of friends or the fear of enemies. Surely, what has been thought likely to affect the mind of a private member may reasonably be held to affect the mind of a Minister in similar circumstances. It is here necessary that I should read to the Committee the public reply made to my speech by the Hon. J. McKenzie. On the 15th November he spoke at Palmerston as follows:—

“Mr. John Ritchie had nothing to do with it (the purchase). The history of the transaction he would give, and would lay every document in connection with it on the table, and he challenged Mr. Scobie Mackenzie's friends to examine them. If on inspection anything was found to be wrong, he was willing to hear the odium; but if everything proved to be straightforward and honest, as he claimed would be the case, then Mr. Scobie Mackenzie should be called upon to apologise for having misled the electors. . . . The first he heard of the matter was from Mr. Thomas Mackenzie, a political partizan and bosom friend of his opponents, who presented a petition from 400 people in the Clutha County, asking that this tract of land should be purchased. . . . They must not suppose that he was misleading. That was not his method of dealing with politics. . . . The petition which was addressed to himself was as follows: (Here the petition was read by Mr. J. McKenzie, after which he continued).

“That petition was signed by 301 settlers, who knew the land situated there. What did his opponent know of it? In the opinion of the settlers of the district it was land that should be purchased. Was it his duty under the circumstances to tie a piece of red tape round the petition, put it in a pigeon-hole, and never look at it again? That, no doubt, was what his opponent would have done if in office. But he considered he had a duty to perform to the people, that he ought not to treat their petitions with derision, scorn, and contempt, but see what could be done.”

That is the answer that was given to me—the ground of defence of the purchase. Now, I will ask the Committee whether, almost without exception, every sentence in that speech is not a scathing satire on the facts as we know them. Mr. Ritchie, who “had nothing to do with the matter,” crops up at every turn in the transaction. Later on, I will show the Committee where he does so. Then it is said that “if anything is found to be wrong” in the petition, &c., he will bear the odium. I ask the Committee, has not everything been found to be wrong? Again, if the petition is not proved to be “straightforward and honest”? Was there ever a greater satire upon the facts as we now know them? I ask the Committee, was there anything straightforward or honest about the petition from first to last? Was it “the opinion of the settlers of the district” that this land should be purchased, or was it only the opinion of Mr. Douglas, of Mr. Douglas’s nephew, and Mr. Douglas’s creditors. The Minister says that such a petition should not be treated with “derision, scorn, and contempt,” but I say it was precisely the class of petition that ought to have been treated with scorn and contempt, for it proposed to saddle the colony, at a heavy price, with a piece of land that the owner had quite failed to sell to anybody else. Had the petition been signed only by Mr. Douglas, and no one else, any Minister would have been on his guard, would have inquired closely into the nature of the land offered for purchase, and would have taken care to ascertain the true value. He would also have inquired whether the people of the district really wanted the land for settlement. If the Minister in this case had done so, he would have found that there was no desire whatever for this land. That is all I have to say on this point for the present.

Let us now come to the history of this petition. It was hatched in the office of Wright, Stephenson, and Co., who were Mr. Douglas’s general agents in other departments of his business. They held a second mortgage over the land as collateral security for advances they had themselves made on stock mortgages, with which we have no concern. This petition was written by Mr. Douglas, every word of it, at Mount Royal, his own home. The Committee knows that it was then sent by him to Wright, Stephenson, and Co., his agents, to be revised; then it was sent to Mr. Turnbull, his local agent at Clinton, to be further revised. By him the petition was sent back to Mount Royal, where a fair copy was written and transmitted to Wright, Stephenson, and Co., in order that they should have two copies type-written. This was done, and the copies forwarded on to the local agent, Mr. Turnbull, to get them signed. Mr. Douglas says he wrote the petition openly; that he made no secret of it in any way. In cross-examination, however, it appeared that what he called “openly” was within the knowledge of Wright, Stephenson, and Co., Mr. Turnbull, Mr. Begg, another agent, and, of course, the young man who wrote the fair copy. Well, we have got the petition to Clinton, in the neighbourhood of Pomahaka; it is in the hands of Mr. Turnbull, who employs a young man to go hawking it about the district to get it signed, a task which occupied three weeks. When he got the signatures he also got £12 from Mr. Douglas for his trouble. Mr. Turnbull also undertook to get signatures, and he also got £12 for his work.

Dr. Fitchett: Pardon me, the one £12 covers the expense.

Mr. Green: I certainly understood that there were two separate amounts of £12.

Mr. Scobie Mackenzie: Pardon me, they each got £12. I know it as a matter of fact, and it was clear in the evidence. I can say that I was aware each of them got £12 for hawking the petition through the district; the only difference is that “the young man,” according to Mr. Douglas, took three weeks over it, whereas Mr. Turnbull said it took him over four or five weeks. Mr. Turnbull, later, got another £40 in consequence of the sale of this land to the Government. It is at the same time only fair to say, and I desire to be fair, that his own contention was that part of this money was payment for work he had done for Mr. Douglas over a series of years. At the same time he admitted that, but for the purchase by the Government, he would not have got the money. So that it may properly be said this petition cost Mr. Douglas altogether £64. Here let it be noticed that in no sense whatever can this petition be said to have originated in the district. The evidence is conclusive that such was not the case; there was no meeting of settlers at any time, or of any kind, to request that the land should be purchased for settlement. No such suggestion proceeded from the locality in any form that the purchase of this land was desired by the settlers. None of the residents of the district have been brought before us to say so; no movement of any sort was got up which would indicate that there was a desire to have the land for settlement. No communication was made to the member for the district on the subject. The Committee will allow that, as a general rule, when a petition of this kind is to be got up for the benefit of a district, and the settlers want help, the first person to whom they apply is the member for the district. In fact, it is his duty to assist them in every way he can. On this occasion the member for the district was not communicated with, although he was specially able to give assistance. Nobody seemed to know anything about the petition except that it was there. There was a local paper in the district, published at Clinton, but that paper never had a word about this land, or suggested that it should be purchased for settlement, or that it was required for settlement. On the 25th of August, however, that is when the petition was signed, the local paper did publish an article puffing up the land and urging the Government to buy. Mr. Douglas wrote that article. He says the editor sought him out, and induced him to write the article. I think, however, it will be admitted that the man who was prepared to take such trouble in getting up this petition, and to lay out so much money on it, would not be likely to stick at the trouble of seeing the editor himself, and getting the article accepted by the editor. It is for the Committee to say which is the more likely story of the two. Then we perceive that there is a good deal of indignation among the settlers who had signed the petition when they found how it was got up, from whom it originated, and all the facts connected with it. We have had the evidence on this head of Mr. Stevenson, the manager of the Wairuna Estate. He signed the petition under the general belief that it was the right thing to do. Mr. Turnbull showed him it was “all right,” by first signing himself. He pointed out to Mr. Turnbull that there was no price mentioned. His evidence went to show that, in his belief, it would be a good thing to settle the land; that it would be better that industrious settlers should be upon it than that it should be in the hands of Mr. Douglas lying waste. He

thought he was doing the right thing, or at least nothing wrong, in signing that petition. An attempt has been made to hold him—Mr. Stevenson—responsible for the contents of that petition, because he signed it, which is, of course, absurd; for it is well known that petitions are signed under the general belief that if there was anything wrong about them they would not be publicly offered for signature. When, however, Mr. Stevenson and others discovered the price given by the Government for the land—for the petition mentioned only a “reasonable price”—they were ignorant.

Now, the question here arises: Did the Minister know the origin of this petition when he based his defence of the purchase on it? He has given it to us in his evidence that he did not. We are bound to accept his statement to that effect, and I accept it. But had that petition been read at an early stage of this inquiry by any member of this Committee I think they would not have finished their examination of it without the very strongest suspicion as to the quarter whence it came. I make bold to say there are very few people in Otago but who, when they first read the petition, knew its origin; and certainly every one who was at all acquainted with Mr. Douglas, or his language, knew perfectly well where it came from. All I can say on this point—and I have no desire to dwell upon it—is that it is greatly to be regretted that the interests of the colony should have been at this time in the hands of a man so unsuspecting and so credulous; one who could fall so very easy a prey to an astute landowner, who wanted to palm upon the Government land which he could not sell to any one else.

Now, after hearing the public utterances of the Minister which I have read to you, I defy any one to come to any other conclusion than that this purchase by the Government was founded on that petition. The first the Minister heard of the matter, he says, was through Mr. Thomas Mackenzie, a member of the House, who, as member for the district, presented to him the petition. The Minister says that the reason he purchased the land was that he had received a petition signed by 301 persons, and he was not going to treat such a petition with scorn and contempt. There can, therefore, be no doubt that the purchase was founded on the petition; yet, we have it in evidence that Mr. Barron, Under-Secretary for Lands, set the department in motion for the purchase by sending a telegram South directing Mr. Adams, Chief Surveyor for Otago, to inspect the land and report on it nine days before the petition came up. Mr. Barron, let it be noted, did this at the suggestion of Mr. Ritchie, a nephew of Mr. Douglas. Mr. Ritchie has been, as I shall show, clearly acting as the medium between Mr. Douglas and the Government, and was a former manager of Mr. Douglas's Mount Royal Estate. Mr. Ritchie was then and is still at the head of the Stock Department, appointed there by the Hon. Mr. McKenzie, and in an admirable position to act as medium between Mr. Douglas and the persons with whom he was negotiating. For all purposes of land-purchasing Mr. Ritchie was an outsider, but he was somehow in a position to start Mr. Barron at work and the department in motion nine days before the petition came up. He did so, we are asked to believe, on the ground of economy—from a desire to save expense to the Government by saving Mr. Adams a second journey South for the purpose of inspecting Pomahaka. Mr. Adams was on his way to inspect Conical Hills.

An Hon. Member: Mr. Adams travelled on a free pass by railway.

Mr. Scobie Mackenzie: Quite so; in order that he should not have two journeys to make on a free pass. Mr. Ritchie induced Mr. Barron to set the department in motion. Mr. Barron complied without consulting any one—without consulting Mr. Percy Smith, who is his superior officer, and not only his superior officer, but also a member of the Lands Purchase Commission. He also did it, we are told, without consulting the Minister (Mr. McKenzie) himself. Now, there are only two hypotheses, under one of which we must account for Mr. Barron's action in this matter—first, that there is an extraordinary condition of laxity and demoralisation in the department that could permit such things to take place; or, secondly, that when Mr. Barron took that extraordinary action there must have been some one in authority behind him who, he felt, would support him in that action. It is for the Committee to say which of the two hypotheses is correct. If such laxity and demoralisation exist in the department it ought not to have been condoned as it has been condoned. If, on the other hand, there was any one behind Mr. Ritchie who made him feel that he was warranted in taking this extraordinary action, it is for the Committee to say who that person is. Here it is to be remarked—and it is very remarkable—that when this petition was presented to the Minister by Mr. Thomas Mackenzie, Mr. Barron, who had been at work for nine days previously, was standing in the room at the same time, and yet did not then tell the Minister that for nine days the department was in motion on this very matter—that he had had the land inspected and reported on. He did not tell the Minister that various telegrams had been going backwards and forwards about this land between the date of initiation on the 21st August and the date—the 30th August—when Mr. Barron was standing in the Minister's room and Mr. Thomas Mackenzie presented the petition. Yet a good deal had been done in that interval; a large number of telegrams had passed between the parties concerned, and all with the object of hurrying on the work. The Minister was apparently left under the impression that on receiving the petition he was initiating the business for the first time; yet Mr. Barron does not say one solitary word about all that had taken place before.

It may here be asked, What would be a rational explanation of the evident haste displayed for the inspection of the land? Instructions were sent to Mr. Adams to inspect on the 21st August, but we find that four days previously the Union Bank had given Mr. Douglas fourteen days' notice to pay up the mortgage-money. Four days after that notice had been given Mr. Douglas, Mr. Ritchie induces Mr. Barron to set the department in motion towards the purchase of this land. There was clearly no time to lose. Mr. Douglas had been for years trying to sell this land, and had failed. Wright Stephenson had a second mortgage over it by way of collateral security for other advances. It has been given in evidence that, notwithstanding their second mortgage, they were unwilling to take over the land with a mortgage of £8,000 upon it. It is also in evidence that they tried to induce the Dunedin Savings-bank to take up the Union Bank's mortgage, but the Savings-bank refused. Therefore it is clear Mr. Douglas had no time to lose in getting a purchaser. In fact, he

was in desperate straits. Action was required to be taken at once, and four days after he received the notice from the bank to pay up the department was set in motion, and it lost no time in proceeding to a conclusion.

Let me here give the Committee a few dates in regular order to show the despatch that was used in pushing on the purchase of this land. They are very significant. On the 17th August, 1893, Mr. Douglas gets the fourteen days' notice from the bank to pay up the amount of the mortgage. On the 21st Mr. Barron, at Mr. Ritchie's suggestion, wires to Mr. Maitland and Mr. Adams to get the land inspected. On the 22nd an offer of land is made by Mr. Douglas to Mr. Maitland, Chief Commissioner of Lands for Otago; so that action was actually taken by the department before Mr. Douglas had offered, also at Mr. Ritchie's suggestion, the land to the Dunedin Waste Lands Board. On the 26th, Mr. Adams, with Mr. Douglas and his local agent, go on the land for the purpose of inspection and valuation. On the 30th Mr. Barron wires to Mr. Adams to know if the latter is ready with his report—sufficient evidence of hurry. On the 30th Mr. Adams sends in his report of both Conical Hills and Pomahaka. On the 31st Mr. Maitland wires to Mr. Barron that Pomahaka is valued at £2 10s., and Conical Hills at £3. All this was done before presentation of the petition to the Minister, for the Hon. Mr. McKenzie was, apparently, unaware of it all when the petition was presented to him by Mr. Thomas Mackenzie. Mr. Barron allowed him to remain in total ignorance of any action being taken. On the 4th September Mr. Percy Smith wires from Cheviot recommending Mr. Dallas, a local farmer, as valuer. On the 14th September the Lands Purchase Board sits in Dunedin, and on the 3rd October the purchase is completed. There are other telegrams indicating the haste with which these transactions were pushed on; indeed, there is every sign of haste through the whole business from beginning to end. Can there be any reasonable doubt that the hidden cause of it all was the difficulty in which Mr. Douglas found himself with the Union Bank, which had sent him the fourteen days' notice to pay up?

I must here allude to the Conical Hills Estate, which appears to have dropped out of the notice of the department. It is a first-rate estate, in the same district, fenced, subdivided, and largely cultivated, and could have been bought at £3 or £3 5s. an acre. That estate was offered to the Government before Pomahaka; the evidence is that it was offered in exchange for Crown land, but it was really offered for sale as well. It, however, almost drops out of notice while the Pomahaka negotiations are going on. The Lands Purchase Board recommend, as their resolution shows, Conical Hills in preference to Pomahaka; but their report only recommends that Conical Hills be purchased. There is on this report an indorsement by some one saying, "Wait and see if Shennan (the owner) will sell." But no step is taken to see if Shennan would sell, although a single telegram might have done it in one day. No such telegram, however, was sent. Mr. Percy Smith thought, though he was not sure, that the reason Conical Hills (while still preferred to Pomahaka) was dropped was that there was not enough money in hand to complete the purchase. It required £41,000 to purchase that property, while all the money in the hand of the Minister was £31,000. It is a striking fact that, after he saw that he had not money enough to buy, Mr. Smith should still write to Mr. Shennan and go through the form of asking him if he would sell, as well as exchange, knowing all the time that there was not the money to buy. It never occurred to either the Minister or Mr. Smith to ask Mr. Shennan whether he would sell a portion of the estate; and the letter asking Mr. Shennan if he would sell is not written until within a few days of the Pomahaka purchase.

Now, we come to the price paid by the Government for the Pomahaka land. It was £2 10s. per acre for 7,462 acres—in all, £18,656. Mr. Dallas, the local farmer already mentioned, was really the sole valuator. Mr. Adams, it is true, after his inspection of the land (accompanied by Mr. Douglas, by the way, who carefully pointed out to him all the advantages, and none of the disadvantages), mentions £2 10s. as the value. But, both in his report to the Government and in his evidence before the Committee, he said he made no pretence of being a valuator, knew nothing about it, and trusted to the Land Purchase Board (who have never seen the land to this day) to put a proper value on it. Mr. Dallas, therefore, is the sole valuator, and the curious fact comes to light that, while he valued it for selling to Mr. Douglas at £2 10s. per acre, he had previously valued it for taxing purposes at £2 2s. 6d. Here let it be noted that Mr. Douglas, in respect of both these valuations, was extremely fortunate. He gained by both. By the low taxation he gained a reduction of his county rates and general taxes; by the higher valuation he gained in purchase-money a sum of £2,798. He put that sum in his pocket. But the most unfortunate part of the business is the effect as regards the settlers now on the land under the Crown—namely, that this sum of £2,798 is being paid at this moment by them. Now, the explanation of Mr. Dallas is that the taxing-value is below the selling-value. But that contention has been refuted by the evidence taken before this Committee. It was actually refuted by Mr. Dallas in his evidence. It will be remembered that he said he had himself bought in the same district a parcel of land from Mr. James Allen, M.H.R., and paid for it £50 less than he himself had valued it for taxing purposes, at the same time declaring that he bought it at a fair value. This shows incontestably that Mr. Dallas's taxing valuations were occasionally higher than the selling-value. Then, we have the significant evidence of the bank inspector, who tells us that, as a general rule, the bank found the selling-value below the taxing-value. Mr. Percy Smith says that the taxing-value is from 10 to 25 per cent. too low. That was a very convenient statement to make in regard to this particular case. But it must be borne in mind that it only applies to those who keep their land for working purposes. That is a wholly different case from that of the man who keeps his land from year to year, only to sell when he can get an opportunity of doing so. It is to his interest to keep the land-value as high as possible, because the first question asked by the buyer is, What is the taxing-value of the land? That is invariably the very first question with the buyer. As a matter of fact, we have it in evidence that Mr. Douglas himself remonstrated with Mr. Begg, his attorney, because of his efforts to reduce the taxing-value. It must be, from that evidence, clear to the Committee that it was the

aim and interest of Mr. Douglas to get the taxing-value as high as possible; and it was evidently high at £2 2s. 6d.

Let us now consider what consequences flowed from the price—£2 10s.—paid by Mr. Douglas for the land. The first consequence is that the settlers are paying no less than £3 7s. 6d. an acre for uncultivated, inaccessible tussock-land. That is the price represented by their average rent of 3s. 4½d. per acre. This price being paid by the settlers is made up of two things—namely, the purchase-money for the land to Mr. Douglas, and the actual cost of the roads necessary to open it up. Mr. Adams, Chief Surveyor, says the roads have been made at the lowest possible cost. Mr. Percy Smith says the same thing. The Hon. Mr. McKenzie himself writes to the *Otago Daily Times* to prove that the loading was no more than was demanded by law, and the actual cost of the roads to give access to the property. If, therefore, it can be shown that the settlers are paying too much, it must be either from excessive loading for roads or an excess of purchase-money, or both. We have evidence that the loading is the lowest possible, so that the purchase-money must be far too high. This fact I will prove later on.

Meanwhile the immediate consequence of the high price was that when the land was opened for sale by the Crown it was an undoubted failure. Just half of the land went off in the first instance, the other half remaining untouched. In the Crown Lands Report of the 3rd June, presented to Parliament, we find Mr. Maitland, the Chief Commissioner of Lands for Otago, making the following remarks: "The Pomahaka Block of 7,462 acres 3 roods 1 perch, which was opened for selection on the 20th February last, was purchased in a district in which the Crown had no land available for settlement, on which account, and being surrounded by settlement, it was considered that it would be readily disposed of to residents in the immediate and adjoining districts desirous of acquiring land for themselves and families. From the number of those who signed the petition in favour of the acquisition of this land it was only natural to suppose that this would be the case. It has not, however, been taken up so speedily as was anticipated, and there is no doubt that one of the chief causes of this was that the people of the district were led to believe that a large estate in that and the adjacent district would be brought into the market, and this, considering that the land referred to is of more convenient access, militated, and still militates, against the taking-up of the Pomahaka sections. I have no doubt, however, that the remaining sections will be gradually disposed of. As far as I have been able to ascertain, the price at which the land was opened was considered somewhat high."

Here we have three remarkable statements. First, that the sale was a failure—a fact which astonished Mr. Maitland when he recalled "the number of persons who had signed the petition." Mr. Maitland, of course, did not know what the Committee now knows—namely, how this famous petition had been manufactured. Secondly, the statement is made that the settlers were hanging back in prospect of the sale of a neighbouring estate. That estate was the Popotunoa property. It really was sold shortly afterwards, and I shall have something to say about the sale presently. The third statement worthy of attention is that the settlers generally complained that the price put on the Pomahaka land by the Crown was too high. And here I will comment for a moment upon some curious evidence given by Mr. Percy Smith, Surveyor-General and head of the Lands Department. He declared in his evidence that he never heard of any complaint from the settlers that the land was too high in price. He admitted that he was the compiler of the Crown Lands Report, from which I have just quoted an extract, and he had to admit also that he overlooked the passage about the complaints of the high price. At a later date in this inquiry, after I had had an opportunity of looking over the file of papers connected with Pomahaka, he had to admit that he had also overlooked two other documents addressed to himself, both embodying the complaints of the settlers—that the price of the land was too high. One was from Mr. Maitland, Commissioner of Crown Lands, and the other from Mr. J. E. Marsh, Inspector of Settlements. I wish here to draw the attention of the Committee to the fact that the sale turned out an obvious failure, in spite of rather desperate efforts made to make the failure look as small as possible. We find, for instance, the Minister of Lands sending a confidential communication to Mr. Maitland, Chief Commissioner, to this effect: "Try and induce the unsuccessful applicants to take up the remaining sections"; in other words, a request is made to Mr. Maitland (and this was no part of his duty) to try and induce settlers to take up sections which they did not want. I do not suppose there can be any doubt in the minds of the members of this Committee that the object was to try and get rid of the appearances of failure which attached to this particular sale. And, although some of these sections have gone off since, there are still six or seven remaining, representing some 2,000 acres, which are still untouched.

I have now a few words to say to the Committee as to the real value of this property. It was purchased in 1869 by Mr. Douglas at 10s. an acre, having previously failed to sell at 20s. It has remained unimproved ever since. Mr. Douglas is an enterprising man, and he has acquired two other properties since the Pomahaka purchase. Both of these he has improved to a very great extent, but never touched Pomahaka. One of these estates—namely, Mount Royal, which he purchased about the same time as Pomahaka—is made up, as he admitted, mostly of pastoral land; yet Mr. Douglas preferred to lay out his money on Mount Royal rather than touch Pomahaka.

Then the rents Mr. Douglas has been receiving for Pomahaka over a series of years are very significant as to the value of the land. From the 1st day of May, 1886, to the 16th of May, 1887, the rent was 6d. an acre, Mr. Douglas paying the property-tax. From that date to the 30th September, 1893, when he sold to the Government, the rent was 9d. per acre, he having to pay the land- and graduated tax out of that, leaving it really 6d. I would here ask the Committee whether it is not the fact that the earning-power of a piece of land is not a very strong indication of its value. No practical man will deny that. The inspector of the Union Bank states that this was one reason for regarding Pomahaka as a bad security and calling up the mortgage-money. We have the evidence of Wright, Stephenson, and Co., that they fought shy of this property, though they

made Mr. Douglas large advances on other securities. The Dunedin Savings-bank refused to touch it at £8,000. Not only was the property one that possessed no earning-power, but it was actually losing at the rate of between £400 and £500 a year. The interest payable by Mr. Douglas on his mortgage was £630. Add to this sum the amount of land- and graduated tax payable by Mr. Douglas at the rate of 1½d. on £15,680 (Mr. Dallas's taxing-value)—namely, £90, after deducting his mortgage exemption—and we have a total of £720. Deduct from that his rental at 9d. on 7,462 acres—namely, £279—and the net loss per year will be £436. Here let me state the argument. We have a piece of land which, according to the evidence, would not sell, would return no income, but would persistently yield a heavy loss; yet we are asked to believe that none of these facts are significant in estimating the value of that land. I do not believe there is a practical man in New Zealand who will indorse such a statement. Now, let us come to the direct testimony we have as to the real value of the land. The Union Bank had, at the time of sale to the Government, a mortgage over the land for £9,000. But they had at the same time one thousand pounds' worth of other securities in their hands belonging to Mr. Douglas, so that their mortgage over Pomahaka was really £8,000. Now, they peremptorily call this amount up at fourteen days' notice. It is contended by Dr. Fitchett that they (the bank) were realising their securities—sound ones—in order to send the money to Australia. There is something of a political catch-penny character about this explanation, which cannot for a moment be accepted. The Committee must take it for what it is worth. The only proof offered is that for some time the deposits in the bank have been largely in excess of the advances. If that proves anything at all, it is that the bank had more money than it could safely or profitably invest, in which case there was all the more need for retaining good securities. Securities, too, were just as difficult to get in Australia at the time; and, as a matter of fact, the dividends of the Union Bank have come down from 18 per cent. to 6 per cent. On the other hand, Mr. Brittan, the Assistant-Inspector of the bank, has given a flat denial to the statement that the bank was sending capital to Australia. His instructions at the time from the General Manager in Australia—instructions which Dr. Fitchett objected to his producing—were to lay out as much money as possible in New Zealand, wherever they could get good securities. And we have it in evidence that the bank was prepared to advance Mr. Douglas £30,000 or £40,000, provided he could show good securities for the amount. The plain fact is that the Union Bank was trembling for the £8,000 secured on Pomahaka. I put the question to Mr. Brittan, and he admitted they were anxious about the money. The bank was afraid the land would be thrown on its hands. It knew the property would not sell in the market; that it was losing heavily every year. The Inspector told us plainly that the bank thought the time had arrived to shunt the mortgage on to Messrs. Wright, Stephenson, and Co.; but Messrs. Wright, Stephenson, and Co., though they transacted Mr. Douglas's other business, would not have it, and tried to shunt it on to the Dunedin Savings-bank, who also would not have it. The Inspector further admitted that he would not have had the same anxiety about the £8,000 on Pomahaka had he known the Government was behind to give £18,655 for it. There was a curious kind of "see-saw" about the evidence as to which institution should have a security of this kind. Messrs. Wright, Stephenson, and Co. deposed that they were unwilling to take up the security because, properly, it was one for a bank, not for an agent. The bank deposed that they wanted to get rid of it as it was a security for an agent rather than a bank, because, if the special security failed, the agent could make good the deficiency out of some other branch of Mr. Douglas's business. What is the inevitable conclusion? Simply that it was a bad security to any one for £8,000, and no one would touch it, except the Government, of course, which with much promptitude gave £18,655 for the property. We are told, however, that Wright, Stephenson, and Co. showed their confidence in the property by giving their guarantee to the bank for the money. I wish to call the attention of the Committee to the time when that firm gave this guarantee, for it is very significant. We find by the evidence of the bank that the guarantee was given on the 2nd of September—the last day of the fourteen days' notice. It was given after Messrs. Wright, Stephenson, and Co. could not but be aware—in fact, they were made aware—that the Government was pretty certain to buy this land. The dates will make that clear. On the 30th of August, three days before the guarantee was given, Mr. T. Mackenzie wired to Mr. Turnbull to say that the Minister was favourable to the purchase. We must, of course, conclude that Mr. Ritchie had informed Mr. Douglas of that fact. We find, too, that Messrs. Wright, Stephenson, and Co. sent a telegram, which we cannot but conclude was sent at this date to Mr. Ritchie, asking him, as he says, "Whether the matter was settled, or likely to be settled?" Mr. Ritchie said he replied to that telegram in one word, but he could not tell the Committee what that word was. There is little doubt the word was "Yes," and then Messrs. Wright, Stephenson, and Co., finding that the Government were prepared to buy the land for £18,655, naturally went to the bank and gave their guarantee for £8,000. The fact did not show any confidence in the land, but rather in what Mr. Ritchie could get the Minister to do. What Mr. Ritchie's methods were we cannot well know, owing to a curious phase in the business with which I must now deal—namely, the alleged destruction of the Douglas-Ritchie correspondence. Mr. Douglas comes before the Committee, and says: "I sent a number of communications to Mr. Ritchie, and I received a number from him. All that I received from him I destroyed, and I kept no copies of what I sent." And Mr. Ritchie comes before this Committee, and says: "All the letters that I received from Mr. Douglas about this matter I destroyed, and I kept no copies of any that I sent." Now, it is to be borne in mind that both of them are business-men. One is at the head of a large Government department, and the other was once head of a large business firm in Dunedin. But it is to be noted that Mr. Douglas, who destroyed all the letters he received from Mr. Ritchie which dealt with this purchase, nevertheless produces a variety of other letters which it suited him to produce—all docketed and kept in proper business fashion. Letters that are useful to him he is able to produce, but he has not kept those received from Mr. Ritchie, nor has Mr. Ritchie kept those received from Mr. Douglas. Now, I think that circumstance must be taken

as extraordinarily suspicious; and that the only conclusion the Committee can come to is that these letters would have revealed something which the persons concerned did not wish to have revealed. And the Committee must come to the conclusion all the more readily from the fact that I have been able to give them a glimpse into at least one letter he wrote to Mr. Ritchie; for, writing to the *Otago Daily Times* on the 14th December, 1893, Mr. Douglas makes the following remarkable admission: "In writing Mr. Ritchie, I mention that the petition had been sent to Mr. T. Mackenzie, and expressed a hope that legislators would be able to spare as much time from worrying each other as to consider the petition; that I was anxious to learn their decision respecting this, because I find I had plenty of buyers were I to sell in largish-sized blocks; that I believed I could make a better price in this way, and would try this mode if the Government did not "bite" at once; my object in desiring a speedy answer being that I might make financial arrangements for selling privately, and on terms sufficiently long to suit buyers." Here, then, we have the fact revealed that in one at least of the destroyed letters Mr. Douglas employs Mr. Ritchie as the medium between himself and the Government—that is, of course, the Minister. That Mr. Ritchie is to induce the Minister to "bite"—that is, to buy—and, as a means of making him "bite," he was to use the argument that Mr. Douglas could get plenty of buyers at a higher price to whom he would sell if the Government did not come up to the scratch. Here, also, it may be remarked, that Mr. Douglas explained his acceptance of a "merely nominal" rent for his land over a series of years by saying that he wanted to be ready to sell at any moment, though he could not. But when he wants the Government to "bite" he has "plenty of buyers" who would give a higher price than the Government. The main point, however, is to notice that one letter reveals the fact that Mr. Ritchie was Mr. Douglas's medium with the Minister. What might not the other letters reveal if we had them? And while on the subject of the destruction of correspondence, I have also to allude to the curious fact that one document is missing from the departmental file of Pomahaka papers. That document was a telegram sent by Mr. Ritchie to "the department"—that is, he explained, to Mr. Barron, urging him to get the purchase-money paid at once. Mr. Barron said it should be on the file; but when we got the whole file and examined it the telegram was missing, although every other document, even the most trifling, was there. Ultimately, Mr. Barron wrote to the Committee that he was unable to find it. It is certainly odd the one document missing should be a communication from Mr. Ritchie. Another telegram of Mr. Ritchie's of a significant kind has been recovered in a curious way—namely, in a letter from Mr. Douglas to the bank. Writing to the bank on the 30th August, Mr. Douglas says: "I have just received the following telegram from Wellington: 'Matter cannot be settled for a few days. Have you arranged time bank?'—J. D. RITCHIE." The matter to be "settled" was admitted to be the purchase of Pomahaka; but Mr. Ritchie, curiously enough, could not tell us who told him it was to be settled in a few days. He thought it "might be Percy Smith, Surveyor-General," but, unfortunately for that view, Mr. Smith had previously said he had had no communication with Mr. Ritchie. Anyhow, on the very day the petition was presented—30th August—Mr. Ritchie was in a position to tell Mr. Douglas that the matter would be "settled" in a few days. It is for the Committee to form their own opinion as to who told Mr. Ritchie it would be so settled. Now, as the Minister of Lands publicly declared in Palmerston that Mr. Ritchie "had nothing to do with the purchase," it may be well for me here to summarise the various occasions on which he, as it were, accidentally crops up. (1.) He initiates the whole business by getting Mr. Barron to set the department in motion nine days before the petition comes up. (2.) He is employed by Mr. Douglas to "make the Minister 'bite.'" (3.) On the day the petition was presented he is able to wire Mr. Douglas the matter will be "settled in a few days." (4.) He wires a forgotten answer to Wright, Stephenson, and Co., who had asked whether the "matter was settled, or likely to be settled." (5.) He wires a message (which has disappeared from the file) urging the department to pay the purchase-money at once. In this Mr. Ritchie says Mr. Douglas relied upon his (Ritchie's) "influence" after the purchase. Can it be doubted that if we had the destroyed letters they would reveal Mr. Ritchie's influence before the purchase? Here let me remind the Committee that before I began commenting upon all these suspicious circumstances I had begun to adduce the direct testimony we have had during this inquiry as to the real value of the Pomahaka land. The first item was the weighty testimony of the bank inspector, who was compelled to admit that the land (7,500 acres) was a bad and risky security for £8,000, and that no other institution asked would touch it at that. At that sum the bank was in great anxiety lest the land should fall into their hands. Let us now come to evidence of value of another but equally weighty sort—namely, the prices realised for the Popotunoa Estate, which adjoins Pomahaka, but lies between it and the railway. Mr. Maitland in his report, which I have already quoted to the Committee, says that the settlers were hanging back for the Popotunoa property. He describes them as hanging back from the Pomahaka property in favour of Popotunoa, believing it would soon be in the market. In his evidence he also says that the settlers described Popotunoa as a "grand property." They were waiting for it. Well, evidence has been given here by a number of different witnesses on both sides that it was a choice property; that it was splendidly fenced and subdivided; that it was laid down in English grass where it was not otherwise cultivated; and that it was splendidly subdivided for small farms; that there was a magnificent homestead on it—of which the house alone cost £1,800—with gardens, plantations, and so forth; and that the main south railway-line and road ran past it, and that there were good roads on the rest; that the estate ran up as far as the Township of Clinton, and that a quantity of the land was sold even for suburban sections. Now, this is the estate that the settlers were hanging back for, and which has been sold since the Crown settled Pomahaka—a month or two afterwards. Well, the average price realised for this fine estate, sold with all improvements to small farmers, was £2 15s. 3d., as against £3 7s. 6d. which the unfortunate settlers at the back are paying for the wild, tussocky, and inaccessible land of Pomahaka. One set of settlers have a highly-

cultivated and fenced property for £2 15s. 3d., and another set—the Crown settlers—are paying £3 7s. 6d. for the naked land!

Dr. Fitchett: What is the price of the properties?

Mr. Scobie Mackenzie: £2 15s. 3d. There were your own witnesses on that point.

Dr. Fitchett: You are adding on Waipahi property.

Mr. Scobie Mackenzie: It is the same estate, owned and managed by the same person, but one-half of it happened to be in the Waipahi and the other in the Popotunoa Riding. Waipahi sold for £2 2s., and Popotunoa proper for £3 8s.; average, £2 15s. 3d. The Waipahi section was fenced, subdivided, in part cultivated, and within amile of the railway-station. And, as Dr. Fitchett has reminded me of Waipahi, I may here allude to Mr. Stevenson's evidence as to the portion sold to a Mr. Taylor. It was a block of 3,100 acres, with a north aspect—for aspect has been much talked of in connection with Mr. Douglas's land—close to the railway. It was sold with 1,000 acres of growing turnips for £1 10s. per acre. Surely, that is a curious commentary upon what the Pomahaka settlers are paying! A rate of £1 10s. for fenced and partly-cultivated land close to the railway, and £3 7s. 6d. for the naked land away from it in the same district; or a rent of 1s. 6d. per acre as against 3s. 4½d.

Well, now we come to some more direct evidence as to value—that of Mr. William Stevenson, who was manager of the Wairuna Estate at the time of the Government purchase of Pomahaka. Here I may remark that the Wairuna Estate, which adjoins Pomahaka, but was an earlier selection, and is closer to the railway, was bought by its present owners, Messrs. Brown and Ratray, in 1881 for £2 2s. It was then fenced and subdivided. Mr. Stevenson managed this property for three years. He was thoroughly acquainted with Pomahaka, and had been over every foot of it. He has described the land as poor, cold, and sour. The carrying-capacity was one acre and a half to the sheep, or 5,000 sheep for the block. The sheep were usually in very poor condition. Stevenson was in the habit of reporting to his employer, Mr. Brown, the condition of neighbouring stock as a basis of comparison with his own. He happened to be over the Pomahaka land in August, 1893, about the time the Government were buying, and he reported the sheep grazing on it to be wretchedly poor, a heavy loss among them, and many then scarcely able to get out of his way. A copy of that report was in his letter-book before the Committee, but it was objected to as evidence. Mr. Stevenson says Pomahaka might possibly be worth £1 10s. per acre; but he himself would not give that for it. He says it would take the land all it would do to return 5 per cent. on £1. That is the evidence of the only expert who has come before us. There was a farmer named Hugh Cameron on the other side, but he rode twenty-five miles, from Waitahuna, to see the land, and returned the same day, so that his evidence goes for nothing.

Now, I want to draw the attention of the Committee to the remarkable concurrence of testimony as to the real value of the land from persons necessarily of the greatest weight. First, we have the Union Bank, who had a mortgage of £8,000 over 7,500 acres. They considered this amount too much to be safe on the property. That would be about £1 per acre. Secondly, we have the independent testimony of Mr. Stevenson that the land was worth about £1. Then we have the significant but unspoken testimony of the lessees, who for seven years had been giving 9d. per acre rent for the land. That rent, at 5 per cent., meant a capital value of 15s. per acre. Add to all this the fact that Mr. Douglas originally bought the land at 10s.; that he had never touched it since; that it had been for many years for sale; that cultivated land in the neighbourhood has since sold for much less than is being paid for Pomahaka—and we cannot fail to come to the conclusion that the latter is worth nothing like what was paid for it by the Government.

Now, as against all this, what have we on the other side? We have only some cock-and-bull stories by Mr. Douglas as to offers he had made to him for the land a long time ago. One was alleged to come from Mr. A. Brown, of Wairuna,—an offer of £4 10s. per acre, between 1870 and 1880. Now, even if any such offer had been made it would only have proved the poverty of the land, for at that time there was a land-boom on in Otago, when the poorest land was selling at high rates. I have known land that then sold to settlers at £15 per acre since reduced by official valuation to £1 10s. per acre. But, as a matter of fact, Mr. Brown wires both to myself and to the Committee that he never made Douglas any such offer. Mr. Douglas had to admit he could show no direct offer from anybody at any time. Mr. Begg, his attorney, could only say he had heard Mr. Douglas say that he had had offers. The only evidence of value on which the other side seem to me to rely is the fact that in 1889 Mr. Douglas sold a few sections of this land for £3 12s. 6d. But it has been given in evidence, what is known to us all, that land has gone steadily down in value since 1889. In order to get over the difficulty of the Popotunoa sale, the witnesses on the other side have had to tell the Committee that land has fallen much since the Government bought Pomahaka, but not before—a rather odd circumstance. One witness on the other side, however, admitted that land had been falling in value for years, and Mr. Stevenson thinks it has fallen nearly 50 per cent. since 1889. Then, we have it in evidence that two good roads were then formed to the sections Mr. Douglas sold in 1889. So that, between the fall in value and the fact that the land was then accessible, the sale of 1889 goes for nothing at all. Mr. Douglas, at the very first inspection by Mr. Adams, appears to have carefully dwelt on this sale of 1889.

I think I have now touched upon all the points of importance in this case. I think I can, with confidence, say that, from all the facts that have been laid before them, the Committee can come to no other conclusion than that the petition for the purchase of Pomahaka was conceived and carried out in something very much of the nature of fraud; that a gross injustice is now being done to the existing settlers in the price they have to pay for the land; and that the price they have to pay for the land is due to a gross over-payment made to Mr. Douglas. So far as concerns Mr. Douglas, the error cannot be rectified, for he has got the money, and it cannot be taken from him. But the settlers should not be called on to suffer for the blunders of the Government or the department, and I appeal to the Committee to at least report in such terms as will compel the

reduction of the rents these men are paying to such a sum as represent the real value of this land. From 3s. 4½d. per acre, average, they should be reduced to 1s. 6d.

I have only to thank the Committee for the patience with which they have listened to me. I dare say I have taxed their patience somewhat through this inquiry. It would be wrong of me to pretend that this Committee was a proper tribunal to inquire into a matter of this sort, for I do not think it is—not from the character of the men who compose it, but from its inherent character. But I hope some good may come from the inquiry. I may say that I made no charge of any sort against the Minister, and I have nothing to do with the inquiry. It was not of my seeking. The Committee first invited me as a witness, and afterwards invited me to ask questions, and I complied in both instances. That is all my connection with the matter.

DR. FITCHETT'S ADDRESS.

Dr. Fitchett: Mr. Scobie Mackenzie tells us that this inquiry is in no sense desired by him. If it had not been for him, it is needless for me to say that no inquiry would have been held. He demanded it; so did the *Otago Daily Times*. The inquiry is due to his speech and the newspaper correspondence, in which he took the principal part. And let me say, at the outset, that the business of the Committee is to determine, not whether the price paid for the land was a reasonable one, but whether the persons acting for the Government have been guilty of any moral wrong. Has there been corruption on the part of the Minister, or on the part of the department? The price is only remotely relevant, as showing a motive for fraud if an excessive sum were paid. Sir, if a parliamentary Committee is to be set up to ascertain, as to every Crown bargain, whether it is a good or a bad one, parliamentary Committees would have their hands full. The question is whether the persons who acted for the Government exercised their judgment honestly. I certainly fail to gather what Mr. Scobie Mackenzie's position really is. Does he make a charge or does he not? He says, on the one hand, "I make no charge against any one."

Mr. Scobie Mackenzie: I made no charge.

Dr. Fitchett: Do you make charges now?

Mr. Scobie Mackenzie: No.

Dr. Fitchett: He says "No," and yet the whole trend of his cross-examination and his speech has been directed to suggest fraud. As the Minister said in his evidence, he has not the moral courage to charge him openly, but he insinuates it. All Otago rang with these indefinite charges, and he still suggests them, though he does not formulate them; and herein lies the difficulty in meeting them. With specific charges the prosecutor would be called upon to prove them. But here the Minister and his department have to meet they do not know what. All they can do is to tell the Committee everything that occurred, whilst Mr. Scobie Mackenzie stands by to pick up anything he can give a colour to. Hence the length of the inquiry; and the responsibility of it rests with him and not with me. Now, he tells us that the statements contained in the speech are true—every word of them. Sir, he has confined himself almost wholly to half-truths. He first says, "I make no charges." That is the usual way when a man means to hint what he is afraid to speak out. He says, "I make no charges; but, but, but"—and the charges lie in the "buts." Then, as to the half-truths. He says Douglas is a large landowner, but he omits to say, not in the electorate.

A Member: It is in his constituency.

Dr. Fitchett: My instructions are that Mount Royal is not in the Waihemo constituency. Then he says the land was let at 6d. an acre; but he omits to add, on three-months tenancy. He says the rent represents a capital value of 10s., as if a quarterly tenancy could have any reference to capital value. And so of the rest—half-truths, every one of them. The real facts are concealed and false inferences suggested. And yet he tells us that he neither conveyed any insinuations of jobbery, nor could anybody draw that inference from his statements. He declared that he never heard that imputations on the Minister were drawn from his words, and yet I showed conclusively from the paper that when one correspondent stated specifically that he and others inferred that the Minister bought this land wickedly and corruptly, in order to buy Mr. Douglas's vote, Mr. Scobie Mackenzie, so far from contradicting it, treated it as correct.

Mr. Scobie Mackenzie: You must give the man's name; it was an anonymous letter.

Dr. Fitchett: He says it was an anonymous letter, but he replied to it. He wrote four letters to this anonymous writer's five, and he protested against his anonymity only when he found himself in a corner, and could not escape. The whole burden of that correspondence on the part of the writer "Watch" was that the Minister was accused of corruption, and that Mr. Scobie Mackenzie had failed to prove the charge. He told us that he never mentioned the Minister's name in the correspondence. That is quite true. He had put Mr. Douglas and the Minister on the same footing as conspirators in the first instance. That done, he attacked Mr. Douglas by name, knowing that the public would construe every thrust at Mr. Douglas as a thrust at the Minister. Once establish the conspiracy, and evidence against one conspirator is evidence against the other.

Mr. Scobie Mackenzie: I invited them to meet me, and they would not.

Dr. Fitchett: Well, I will leave this point now. The Minister, as a public man, is open to the keenest criticism; but his complaint, and mine, is that Mr. Scobie Mackenzie lacked the courage to attack him openly, and sought to injure him by insinuation. He now comes to the Committee and coolly says he never intended the Minister to be blamed at all! Why that long cross-examination of Mr. Ritchie and Mr. Barron, if not to suggest corruption? His position is to me inexplicable. If he had a charge to make one could understand it; if he said he had not a charge, I could understand that; but, by innuendoes of all sorts, he repeats the charge whilst he disclaims it. He makes a great deal of capital out of this petition. He says it was hatched in Wright, Stephenson,

and Company's, and drawn by Mr. Douglas, and for this reason is a swindle, and does not express the opinion of the settlers. You gentlemen are members of Parliament. Did you ever know a petition that got itself up spontaneously? Pomahaka had been lying idle for thirty years, and, in the nature of things, there was nothing to suddenly rouse the settlers until the owners stirred. Why should he not start the petition? How else was he to get their opinion? There was no concealment on his part. He sent the petition to Turnbull, his own well-known agent for years, who openly went around with it; and there is not the slightest suggestion that he made any misrepresentation. On the contrary, people refused to sign it until they knew that Douglas was getting it up. Then, Mr. Mackenzie says that the member for the district was not communicated with, and this is the stamp of fraud. He is wrong: the member was communicated with. Mr. Douglas himself wrote to him.

Mr. Scobie Mackenzie: After it was got up.

Dr. Fitchett.] No; it was not sent till the 30th August, and Mr. Douglas wrote to him about it on the 17th August. Everybody knew that Mr. Douglas was the owner of the land. Mr. Thomas Mackenzie, the member, admits that he knew. What did Mr. Douglas do that he should not have done? Mr. Thomas Mackenzie says that the signatures are genuine; he knows many of them as constituents of his own. That petition, Sir, is as honest as a petition could be, and yet Mr. Scobie Mackenzie practically bases his charges upon the fact that it was started by Mr. Douglas. There is not a scrap of evidence to show that there is anything untrue in it. I omit Mr. Stevenson, who read it and signed it. There is abundant evidence that the statements are true. Where is the wrong, I say? The fact is Mr. Scobie Mackenzie simply seeks to divert attention from the real issue. For even if the petition were soaked in fraud, what on earth had that to do with the Minister? He did not get it up. Then, as to Mr. Ritchie. Mr. Scobie Mackenzie seeks to make capital out of the fact that, whilst the Minister said Mr. Ritchie had nothing to do with one matter, the evidence shows that Mr. Ritchie did have something to do with another. He saw Mr. Barron, did Mr. Ritchie, and sent several letters and telegrams to his uncle, Mr. Douglas. Here, again, we have the half-truth. The Minister, of course, spoke merely of what was in his own knowledge. So far as he was concerned, Mr. Ritchie had nothing to do with the matter, and that is abundantly proved. Moreover, in no sense and in no way had Mr. Ritchie anything to do with the purchase; and it was to the purchase that the Minister was referring. You are asked to infer a plot, because Mr. Ritchie communicated with Mr. Douglas, and is in the Public Buildings—uncle and nephew—and about a property that the nephew had managed; what more natural than that the one should consult the other—spite of the Public Buildings. With regard to the petition I will say no more.

Mr. Mackenzie: That is very convenient.

Dr. Fitchett: Mr. Scobie Mackenzie cannot say anything bad enough about it. It is peculiar, however, that he steadily ignores the fact that it could have had absolutely nothing whatever to do with the purchase. It was not presented till the 30th; Mr. Percy Smith left for the South the next day without having seen or heard of it, and it was not before the Board in Dunedin when the recommendation was made on which the purchase was founded. Mr. Scobie Mackenzie has been barking up the wrong tree. I refer to the petition now to show how it corroborates the Minister's statement at Palmerston. He said then that the first he heard of the matter was when the petition was presented to him.

Mr. Green: That is not his evidence.

Dr. Fitchett: What the Minister said, both at Palmerston and before the Committee, was that the first he knew of the Pomahaka purchase was when Mr. Thomas Mackenzie presented the petition. And Mr. Thomas Mackenzie unconsciously supports him in this, for he wired to Mr. Turnbull that the Minister was favourably disposed, and would instruct that an inspection should be made; whereas, in point of fact, instruction had been given eight days before, plainly showing that the Minister up to then had no knowledge whatever about it. Then, as to Mr. Barron. Mr. Barron set the department in motion, says Mr. Scobie Mackenzie, at the instance of Mr. Ritchie; and he did so without the authority of his superior officer, whence fraud and corruption. Sir, the whole evidence shows that he had full authority to do what he did, and that it was the proper thing to do. It was done in the ordinary departmental way. Moreover, it was not the initiation of the purchase, as Mr. Scobie Mackenzie would have you believe. The initiation of the purchase is the warrant from the Governor to the Board to inspect and value. What Mr. Barron did was antecedent to that, and altogether apart from it. It is the practice of the department to have a preliminary report made, in order to see whether the land is worth the serious attention of the Board; and in very many cases this decides the whole matter, the offer is declined, and no valuation fees are paid. The evidence is conclusive on the point. After inquiry has thus been made, if the report says that the land is not fit for settlement the Board proceeds no further. That is what Mr. Barron did, and he had full authority for it. The telegram, too, was amply justified. He knew the property was to be offered. Mr. Adams was just about to start to visit Conical Hills, and it would be a saving of time if he could visit the two places together. It is justified, too, on higher grounds than economy. It was a wise and prudent thing to arrange for both properties being before the Board together, so that they might be compared the one against the other. I say that Mr. Scobie Mackenzie is absolutely unwarranted in speaking as he does of Mr. Barron's action as an instance of the laxity of the department. On the contrary, it shows that the department discharges its duties vigorously and well.

Mr. Scobie Mackenzie: After Mr. Ritchie had looked after it.

Dr. Fitchett: And then the reckless insinuation that Mr. Barron did what he did because he knew that some one in high position or power was behind him, and would condone the breach of all the rules of his office!

Mr. Scobie Mackenzie: As an alternative.

Dr. Fitchett: Sir, it is scandalous to suggest such a thing with not a scrap of evidence to sustain it. Again, he hints that, as Mr. Barron was in the room with the Minister when the petition was presented, and knew that a preliminary examination had been made, and said nothing to the Minister about it, there must have been a motive. Here, Mr. Barron is the plotter, and the Minister the victim. The evidence, of course, is that if Mr. Barron were in the room (of which the Minister is not absolutely certain) he would not speak while any one else was present; and there is nothing to show that he heard what was said, or that he remained in the room after Mr. Thomas McKenzie left; or, in fact, that he knew anything about it. Then, there is another unworthy and unwarranted insinuation about what he calls indecent haste on the part of Mr. Percy Smith, and the telegrams between him and Mr. Maitland as to the Board meeting. The Surveyor-General and the Commissioner of Crown Lands are now in the plot, and all because they telegraph to one another. What are the facts? Mr. Smith starts from Wellington on his journey, having Board business to do in Canterbury, Otago, and Invercargill, and naturally wished to have the different Board meetings arranged at the different towns so as to prevent delay. Hence the telegrams—which, by the way, refer to Conical Hills as well as Pomahaka. That there was no indecent haste in the purchase is abundantly clear. Mr. Douglas was furious at the delay—and well he might be. The offer was made on 21st August, and was not accepted till the 3rd of October. The purchase-money was not paid until about the 20th of October. Is there any indecent haste there? Mr. Scobie McKenzie also sees some element of iniquity in the fact that Conical Hills “drops out of sight altogether.” What are the facts again? An offer had been made to exchange, and there was no power to exchange. Moreover, the recommendation of the Board was that part of Conical Hills should be bought, and not the whole; and there was no definite offer to sell the whole, and no offer at all to sell a part. Again, there was not enough money to buy either the whole or the part. Were these not sufficient reasons why Conical Hills should drop out of sight? Was the Government to hang up the Pomahaka offer until Mr. Shennan had been induced to make an offer to sell as much as the Government had money to buy? Correspondence, inspection, Board meeting, and what not would take months, and the Pomahaka was to be hung up all that time, with the risk of losing both it and Conical Hills!

Mr. Scobie Mackenzie: The settlers never asked for Pomahaka.

Dr. Fitchett: Nor for Conical Hills. As to the question of the value of the land, the Committee will go by the evidence before it. The evidence is incontrovertible that not more than a fair price was paid. We have Mr. Adams, who, though not a professional valuer, is the Chief Surveyor of land in Otago, and has of necessity a wide knowledge of values. We have the Commissioner of Crown Lands in Otago, a man with perhaps wider experience of land-values than any man in the district. We have Mr. Turton, who, as District Land Registrar, knows more of land-prices than anybody in Otago, for all dealings pass through his hands. We have Mr. Dallas, a professional valuer, who for many years has valued for the Government, the county, and for private persons. We have Mr. Hughan, the Ranger, a man whose business it is to inspect and value land. We have Mr. Percy Smith, the Surveyor-General. We have Mr. Cameron of Waitahuna, who specially examined the property, and also Mr. C. Begg, whose word and judgment carry weight wherever he is known. Are all these gentlemen dishonest or incompetent?

Mr. Scobie Mackenzie: Hughan said nothing of the kind.

Dr. Fitchett: His evidence was taken by the Board, and he agreed with Mr. Adams and Mr. Dallas. Are all these gentlemen, I repeat, dishonest or incompetent? Last, but not least, we have the fact that, in spite of the abuse showered on the land by Mr. Scobie Mackenzie and his friends—cold and ungenerous soil; worth no more than a capital sum of 10s. an acre, and so forth—people come forward and voluntarily take up 5,230 acres at an average rental of 3s. 4d. They have paid their rent punctually to date, and the yearly return represents over 4 per cent. on the whole capital sum—purchase-money, roads, &c.—whilst about 2,200 acres are still to be disposed of. What have you on the other side? With the offer of the Committee to pay the expenses of all the witnesses Mr. Scobie Mackenzie liked to name, he can only produce one, and that is Mr. Stevenson, who qualifies himself by blandly admitting that he read and signed the petition. Mr. Scobie Mackenzie talks of the taxation value as being lower than the purchase price; and so it should be. Valuers do not like objections and reviews. Mr. Percy Smith says his experience is that the land-tax value is 20 to 25 per cent. lower than the selling value. That Mr. Dallas bought his land from Mr. Allen at the land-tax value shows simply that he made a very good bargain. Mr. Scobie Mackenzie says the offer was made by Mr. Dallas, and accepted by Mr. Allen. Precisely. If Mr. Allen had declined, Mr. Dallas would have sprung. The evidence shows that the land-tax valuation of Pomahaka was uniform and fair. The price realised for Popotunoa at the sale bears the same proportion to its land-tax value as in the case of Pomahaka. This shows that the valuations were uniform. Mr. Scobie Mackenzie urges the evidence of the bank, but we all know the difference between a mortgage and a purchase. The manager of a bank wants all the security he can get, quite irrespective of his advance. Mr. Scobie Mackenzie tried hard to make the Inspector say the property was not worth the advance, but he did not quite succeed, anxious though the witness was to help him. He could not get more from him than that it was not a banking security—nor was it. Banks, we know, have been taught bitter lessons of late as to the folly of lending on non-liquid securities, and the Union Bank has profited by the lessons. It is indisputable that, at the time all the banks were calling in their moneys all round, it was suggested that this particular advance was called in for the purpose of sending money to Victoria. I cannot say as to that; but unquestionably the crisis in Australia had to do with it. Mr. Scobie Mackenzie did not gain much from the bank's evidence; but it shows the influence he can exert, and has exerted, for the purposes of this inquiry, for the bank has given him access to everything relating to Mr. Douglas's affairs.

Mr. Scobie Mackenzie: I wish I could get any information.

Dr. Fitchett : Otherwise the bank would never have placed in his possession the papers and figures of its customer.

A Member : Has it been done?

Dr. Fitchett : Yes, undoubtedly. Mr. Scobie Mackenzie gathered from the bank's letters and papers—

Mr. Scobie Mackenzie : That is distinctly not true.

Dr. Fitchett : I am not prepared to say that he actually saw the papers, but he assuredly got their contents more than a week before the bank gave evidence. He cross-questioned Mr. Johnstone and Mr. Ritchie about a telegram, the existence of which he could only have learned from the bank, because it was mentioned only in the letter from the Union Bank at Dunedin to the Union Bank here. There is no possible question but that the information was placed at his disposal by the bank.

Mr. Scobie Mackenzie : It was not so.

Dr. Fitchett : Where else could you have learned of it? Returning to the question of value, I submit that subsequent sales can have little bearing upon the matter. When valuing a property for a purchase to be made—and that is the point—what was a fair value at the time?—one cannot avail oneself of what is going to happen some time in the future. Now, all previous prices show that Pomahaka was worth more than £2 10s. Eleven hundred acres were sold in 1889 at £3 12s. an acre—and not the best of the estate. Some sections were bought in for £3. The evidence shows that Mr. Douglas had been always asking £3 10s. per acre for the whole, and £4 for parts. He refused £3 for large blocks, because he did not want the eyes to be picked out of his property. He wanted to dispose of the whole or none. He refused offers to lease for a term at 3s. an acre. As to the Popotunoa properties, admitting as I do that their price was low, I submit that there is ample reason for it. The demand for land is limited, and if 30,000 acres are thrown on the market at once you ruin the market price. Then the sale of Popotunoa was, in effect, a forced sale; the owner was dead, and the trustees were winding up the estate, so they put it all in the market—30,000 acres, to bring what it could.

Mr. Scobie Mackenzie : There was a reserve.

Dr. Fitchett : I understand there was not. The whole 30,000 acres were sold, and it is absurd to contend that the price realised is any indication of the value of Pomahaka twelve months before. Mr. Johnstone's evidence is that Mr. Logan would not look at anything like £3 5s. for the Waipahi portion (which sold for £2 2s.), whilst as for Popotunoa proper he never would entertain the idea of selling at all. Moreover, the homestead was "a white elephant," and the grass was worked out.

Mr. Scobie Mackenzie : That was Green Hills that had been run out.

Dr. Fitchett : It was the same owner, and sold at the same time; all the properties were on the market at once. I submit that these are ample reasons for the low prices they realised, and they can have no bearing on the price paid for Pomahaka. Then, it is suggested that when the bank wanted its money, Wright, Stephenson, and Co. and everybody else refused the security—a half-truth again. The evidence is that Wright, Stephenson, and Co. were not bankers, and Douglas did not want a fixed mortgage at all. What he wanted was a temporary advance from the savings-bank pending a sale, and the application was not entertained by the bank because it deals only in mortgages for a fixed term. At this particular crisis sound men might well find it hard to lay their hands on £9,000 on demand. It is notorious that the banks were calling up advances on all sides, and no person or firm, however wealthy, could conveniently find nine thousand sovereigns. That was why Wright, Stephenson, and Co. did not want to advance the amount, and that was why Mr. Douglas found himself in straits. It was not a question of security. No bank would look at a security, however gilt-edged. Can the Committee have any doubt that Mr. Douglas valued this land at more than £2 10s.? He refuses to accept 3s. an acre rent for it for a fixed term, and at one time he had refused £4 10s. for it. It is indisputable that Mr. Douglas firmly believed that he was not getting a full price from the Government at £2 10s., and, if so, that disposes of all questions of fraud on his part. If he knew he was foisting his property on the Government at a price above its value, would he not have promptly taken the offer when it was made? And yet what does he do? On the 25th September he gets the offer of £2 10s. Does he jump at it? On the 27th he wires asking to split the difference between £2 10s. and £3 10s. On the 2nd October he is told the Government cannot increase its offer. Does he snatch at it? No; he wires, "Am writing you," and writes on the 3rd, reluctantly accepting. He allows eight days to elapse before he accepts the offer. Is that the conduct of a man who thinks he is getting an excessive price? He goes to Dunedin to consult Wright, Stephenson, and Co., and they tell you that they had great difficulty in inducing him to accept. I say that the evidence of his good faith is not to be got over in any way. All the evidence at your disposal goes to show the same thing—namely, that he was selling the land at what he firmly believed to be a great deal less than its value. Mr. Scobie Mackenzie asks you to believe that because the correspondence between Mr. Douglas and Mr. Ritchie is not produced it must have been desperately compromising. Now, I ask you to draw precisely the opposite conclusion. His theory is that Mr. Douglas and Mr. Ritchie are in a wicked plot, and burn the correspondence to conceal the plot. But if they were in a plot, if they were so dishonest as to conspire to defraud the Government, it is eminently unlikely that they would stick at such a trifle as the fabricating of letters to suit their purpose. What easier for unscrupulous conspirators such as he makes them out to be than to sit down and write a few harmless letters to one another, and then produce them. Self-serving evidence is always easy to get, and that is why the Courts exclude it. The fact, then, that they do not produce letters is evidence that there was nothing wrong in them. Depend upon it, if they had produced them, Mr. Scobie Mackenzie would have had nothing to say about them. As regards the letter to Mr. Ritchie, to which Mr. Douglas referred in the newspaper, it merely shows that Mr. Douglas did not know of anything to conceal. Otherwise he would never have disclosed it himself. As to the telegram from Mr.

Ritchie to Mr. Barron, about which Mr. Scobie Mackenzie makes mountains of fraud because it was not on the file, the same considerations apply. How does the existence of that telegram become known to the Committee? Through Mr. Ritchie himself. He volunteered it.

Mr. Scobie Mackenzie: No. I found it out first, and drew it from him. It would never have been known at all if I had not had an inkling of it.

Dr. Fitchett: That is not correct. He stated it quite voluntarily.

Mr. Scobie Mackenzie: Yes; after I discovered it.

Dr. Fitchett: There is nothing to show that you discovered it; indeed, how could you? Mr. Barron had himself forgotten it, and it was not on the file. It is manifest that if there had been anything to conceal about it Mr. Ritchie need not have disclosed it. Why should not Mr. Douglas wire to his nephew asking him to try and hurry up the money? And why should not Mr. Ritchie send the message on to Mr. Barron? What more natural, and what more innocent? And that the telegram was merely that, and nothing more, is shown by the fact that Mr. Barron does wire to Mr. Douglas in reply. That reply is on the file. The fact is that whenever, in the course of this inquiry, Mr. Scobie Mackenzie discovers that a document does not exist, or is mislaid, it straightway becomes of gigantic importance to him—not that there would be anything in it if produced, but simply because he knows it cannot be produced. I will now summarise the position of the Minister and the department. The evidence shows that the Minister had singularly little to do with this transaction. He first comes into connection with it when the petition is presented, and he sends the petition to the department in the ordinary way. Next he sends the Governor's warrant to inspect. The next thing is when Mr. Percy Smith waits on him with the recommendation of the Board at Dunedin. The Minister sends this to Cabinet, and from Cabinet to the Governor. Then comes the authority to make an offer to Mr. Douglas, and Mr. Douglas's reply asking that the difference be split. This request the Minister declines. Not much conspiracy about that, I suppose. That is absolutely all the Minister has had to do with this matter. As for the department, the evidence clearly shows that it has done nothing save what is usual and proper. Mr. Barron was acting within his authority in instructing the preliminary inspection, and, with the exception of the telegram to Mr. Douglas about the purchase-money, he did nothing else in the matter—absolutely nothing. I have no concern with Mr. Douglas, but it is equally clear that he did nothing save what he was justified in doing. He was anxious to sell—accepted a lower price by reason of the bank pressure than he otherwise would have done, and worried about the delay in payment, as well he might: that is all. My purpose has been to lay before the Committee every fact and every paper connected with the matter. That I have done; and I submit that not a breath rests on the integrity of either the Minister or the department, and that Mr. Scobie Mackenzie's hints and innuendoes have been proved absolutely reckless and baseless. One word more and I have done. It is to show his utter recklessness. He declared in Palmerston, and he repeated it here, that the Minister's power in the matter of these purchases is unlimited—he can override the Board and do anything. Sir, if he knows the Act, this is dishonest; if he does not, it is disgraceful. The Minister has less to do with a purchase than any single member of the Board. The Minister himself can do nothing. The Governor in Council—that is, the Cabinet—purchases “on the recommendation of the Board.” That means that the Board determines both the land to be bought and the price to be paid, and the Cabinet cannot vary it. The most it can do is to decline to buy at all. As for the Minister, he is merely a member of the Cabinet, having an equal voice with every other member. In suggesting, therefore, to the people of Palmerston the facilities for corruption that existed by reason of the unlimited power of the Minister to buy what he liked and at what price he liked, Mr. Scobie Mackenzie either shamefully distorted the law or was shamefully ignorant of it.

APPENDICES.

APPENDIX A.

(Telegram.)

21st August, 1893.

MR. ADAMS has been instructed to inspect Douglas Pomahaka property, in Blocks XI., XII., XIII., and XIV., Pomahaka District; about 7,400. See Begg's office for boundaries. Send map to Adams, at Clinton, this afternoon.

A. BARRON, Wellington.

The Commissioner of Crown Lands, Dunedin.

APPENDIX B.

(Memorandum.)

Survey Department, District Office, Dunedin, 30th August, 1893.

Inspection of the Pomahaka Downs Estate, near Clinton.

In accordance with your instructions in telegram of 21st instant, I inspected the property of Mr. John Douglas on Saturday, the 26th instant, in company with Mr. Thomas Hughan, Ranger. The property comprises (including closed roads) about 7,466 acres, and is chiefly composed of rolling downs, well watered. It extends for a distance of nine miles from north to south; the southern extreme being about five miles by road from Clinton, and the northern extreme, on the Pomahaka River, being about fifteen miles, or say, an average of ten miles from Clinton, and lies wholly in Pomahaka Survey District. The northern portion fronts on the Pomahaka River, and is distant from the Clutha, by road, about six miles—from this point a steamer plies on the Clutha, taking produce to Balclutha and other places.

The land is nearly all ploughable, with the exception of perhaps about 10 per cent., and is watered by never-failing streams, some of which are large enough to afford power for chaff-cutting, &c. Forest land on the east side of the Blue Mountains extends to within a mile of the Pomahaka River, where it forms the north boundary of Mr. John Douglas's land.

This property lies between the Clydevale Estate, on the east, and Messrs. Rattray and Brown's Wairuna Estate, on the west. This land has chiefly a north-east aspect, and the whole of it is in the native tussock, no portion of it even having been ploughed. It is enclosed with a ring-fence, and is now in the occupation of the New Zealand and Australian Land Company, who own the Clydevale Estate. The land generally is of good quality, on a clay subsoil, but boulders are met with in some of the ridges. It is subdivided into sections varying from 40 to 213 acres, which are generally too small for the character of the country.

In "The Land for Settlements Act, 1892," clauses 16 and 18 restrict the area of any allotment to 320 acres. This area, both Mr. Hughan and myself consider too small for a considerable part of the Pomahaka Downs Estate. We think it would be most profitably occupied in areas from 200 to 640 acres. Also, when this land was subdivided, the laying-out of the roads did not receive the attention it merited, and it would be necessary, in the event of the land being opened for selection, to have all the roads properly laid out on the best and easiest grades. If left as they are at present, they would cost considerably more for formation, and would not be on the best grades after all.

You will observe by the plan, hereto attached, that a great many roads have been closed, both on this estate and on the country on either side. In the laying out of the land, prior to disposal, it would possibly be necessary to acquire the right to take roads as outlets through the adjoining properties on either side. On Mr. Douglas's land there are, roughly speaking, about sixteen miles of roads still open, and about nine miles closed, or twenty-five miles in all. This mileage might be reduced to twenty, or, perhaps, fifteen miles, if the sections were laid off in suitable sizes, as recommended above. I think I am right in saying that nothing has been done towards forming any of the roads intersecting this block. As Mr. Hughan and I had only one day in which to make a hurried inspection of this block, our estimates of the value must only be taken as approximate; and I do not suppose that the land will be bought on our valuation, as I see that clause 3 of the Act provides for a Land Purchase Board. The land-tax value of the Pomahaka Downs Estate is £2 2s. 6d. per acre, and our estimate of the present approximate value is £2 10s. per acre. Expenses of survey and road-formation would probably cost, at least, 5s. per acre.

The Surveyor-General, Wellington.

C. W. ADAMS, Chief Surveyor.

P.S.—I attach letter from Mr. John Douglas to Mr. Maitland.

APPENDIX C.

(Telegram—Urgent.)

30th August, 1893.

PLEASE wire valuation of Conical Hills and Pomakaka Estates to-day.

The Commissioner of Crown Lands, Dunedin.

A. BARRON.

APPENDIX D.

(Telegram.)

30th August, 1893.

APPROXIMATE value placed by Chief Surveyor and Ranger Hughan on Conical Hills Estate, £3 per acre, and on Pomahaka Downs about £2 10s. per acre. Letter with full particulars posted by Chief Surveyor per "Tarawera" to-day.

The Surveyor-General, Wellington.

J. P. MAITLAND,

Commissioner of Crown Lands, Dunedin.

Mr. Barron.

WHEN these arrive, if reports are favourable and Minister approves, they ought go for the Governor's direction to Board.—S.P.S. 30th August, 1893.

APPENDIX E.

Wellington, 4th September, 1893.

POMAHAKA DOWNS ESTATE.—His Excellency the Governor is respectfully advised to execute the accompanying Warrant, directing the Board of Land Purchase Commissioners for the Land District of Otago, created under clause 3 of "The Land for Settlements Act, 1892," to ascertain the value of the property mentioned in the schedule thereto, and to report on same.

JOHN MCKENZIE, Minister of Lands.

(Signed.) G.—6/9/93.

APPENDIX F.

IN pursuance of section 3 of "The Land for Settlements Act, 1892," His Excellency the Governor is respectfully advised to direct that the Board of Land Purchase Commissioners created under the said section of the said Act for the Land District of Otago, may be directed to ascertain so soon as may be, by valuation of a competent valuer, and by such other means as to such Board seems fit, the value of the land mentioned in the schedule hereto, and which it is proposed to acquire for the purposes of the said Act, and to report in the manner and terms required by the said Act.

JOHN MCKENZIE,

Minister of Lands.

Wellington, September, 1893.

SCHEDULE.

Otago.

BLOCKS X., XI., XII., XIII., and XIV., Pomahaka Survey District, containing 7,466 acres, more or less.

Approved and Board directed accordingly, at Wellington, this sixth day of September, 1893.

GLASGOW, Governor.

APPENDIX G.

(Telegram.)

4th September, 1893.

WILLIAM DALLAS, of Balclutha, is very good land valuer, and I recommend him for any estates in that part country; he has assessed for many years, and is reliable. At what dates do you purpose having meeting Board in Dunedin and Christchurch.

C. M. CROMBIE, Commissioner, Wellington.

S. Percy Smith, Esq., Surveyor-General, Cheviot.

APPENDIX H.

(Telegram.)

4th September, 1893.

PLEASE instruct Mr. William Dallas, of Balclutha, to make a valuation of Douglas's and the other property offered at Clinton; that is, if you and Mr. Turton agree to his doing the Board's valuation. Mr. Crombie and I agree. He can send the valuation in time for Board. Mr. Adams's valuation not sufficient.

S. PERCY SMITH, Surveyor-General, Cheviot.

Commissioner Crown Lands, Dunedin.

MR. DALLAS instructed accordingly.—5/9/93.

APPENDIX I.

LAND FOR SETTLEMENTS ACT.

REPORT on property offered by Mr. John Douglas, situated at Pomahaka, Otago Land District. The land offered consists of Sections Parts 1, 3, 18, 19, 34, 1 of 35, and Section 2, 2 of 35, 51, 51, Block X.; 44, 45, 48, 49, 1 of 50, 2 of 50, Part 32, Block XI.; Part 7, 8, 18, 19, Part 20, Block XII.; 4 to 10, 1 of 11, 2 of 11, 12, 13, 1 of 14, 2 of 14, 15, 20, 21, 24 to 31, 1 of 32, 2 of 32, 33 to 36, 1 of 37, 2 of 37, Block XIII.; 4, 5, 1 of 6, 2 of 6, 7, 8, 9, 15 to 25, 31, 32, 33, Block XIV.:—

1. General position and distance of land with respect to nearest township and to county town. Distance from railway on main road?

The nearest point of the property is about five miles distant from Clinton, the farthest distant about sixteen miles, and about the same from Waipahi. Clinton will be where settlers would have to come to railway. Balclutha county town; nearest point, about twenty-five miles.

2. Brief description of district, whether agricultural or pastoral; nature of industries, if any?

Mostly agricultural, but there are some portions of the property which are stony, and would only be fit for pastoral.

3. General description of the land under offer; height above sea; nature of soil, whether all under cultivation or pasture; if soil worked out or not?

The land is good, top soil being of fair quality and depth; subsoil somewhat of a clayey nature, but a good portion of the subsoil is somewhat of a sandy nature, only small patches being a yellow clay which holds the water during the rainy season.

4. Improvements, fences, houses, sheep-washes, lime-kiln, or other improvements, &c., and state of repair?

No improvements on the property, except being on the boundary. The fences are in a fair state of repair.

5. Carrying capacity, produce per acre, average price of stock and produce in district?

I inquired at the settlers who bought part of this property, as to the yield per acre, and was informed it was from 45 to 60 bushels per acre of oats.

6. Climate, rainfall, water-supply, and if sufficient when land is cut up?

There is a sufficient water-supply on the property if the land were cut up.

7. Is the land suitable for cutting up, and into what sized farms, township, &c.?

The land is suitable for cutting up into farms of from 250 to 320 acres, except three or four, which, from the stones on the ground, will not be fit for cultivation, and would require to be cut up in larger areas of, say, from 400 to 600 acres, so that there may be an area of, say, 160 to 200 acres of ploughable ground and a portion of pastoral ground along with this.

8. Is the land overrun with rabbits, or with gorse, broom, &c.?

The land is not very bad with rabbits; they seem to be fairly kept under. There is no gorse or broom on the land.

9. Is there a demand for small farms in the neighbourhood; if so, of what size?

I think the land would be taken up if roads were made to it. The worst feature in this property is the long distance from railway communication. I think the size of the farms should be from 300 to 320 acres, except three or four, which, from the stony and broken nature, would be better in from 400 to 600 acres.

10. Is employment to be obtained in the neighbourhood—of what nature?

I think if they were suitable men, a good deal of work might be got at Clydesdale Station at certain seasons of the year.

11. Give ruling prices of land of similar character, and of rents, in the neighbourhood?

£2 10s. to £3, if roads were available. I do not know of any lands being leased in the district.

12. How long has present proprietor held the land?

13. What facilities are there for obtaining fencing-material, timber, firewood, coal, bricks, stone?

There is coal on the property; fencing and firewood could be obtained from Rankleburn Bush, a distance of about 5 miles from the centre of the property. Building-timber and bricks would have to be got by rail.

14. Value per acre? Value per acre, to let in small farms?

£2 10s per acre. 2s. 6d. to 3s. 6d. per acre, if roads were formed; only perhaps three or four of the farms would require to be let at 2s. 6d. Average price 3s. all over.

15. Would any expenditure be necessary on roads or drains if the property were cut up?

It would require from 4s. to 5s. per acre to road this property.

16. General Remarks.—

It is very fair land, but the distance from the railway is the only drawback; although, I think, if roads were formed, it would be taken up at an average price of 3s. per acre.

The New Zealand and Australian Land Company have a property of about the same area, and the same character of land, which has been ploughed up and newly sown down with grass, which looks well.

12th September, 1893.

Signature of Valuer: WM. DALLAS.

Rough estimate for roading, draining, survey, administration, advertising, &c. (to be added by the Chief Surveyor.)

APPENDIX J.

PARTICULARS OF SALES OF LANDS ADJOINING THE POMAHAKA ESTATE.

1st June, 1893: Sections 10 and 31, Block XI., Pomahaka District, containing 204 acres and 17 perches; sold for £886 10s.; average price per acre, £4 7s. 4d.

1st June, 1893: Sections 11, 12 and 30, Block XI., Pomahaka District, containing 238 acres 3 roods 38 perches; sold for £954 3s. 6d.; average price per acre, £4.

1st June, 1893: Sections 46 and 47, Block XI., Pomahaka District, containing 267 acres 3 roods 34 perches; sold for £897 17s.; average price per acre, £3 7s.

1st June, 1893: Sections 33, 34, 35, 36, and Part 32, Block XI., Pomahaka, containing 429 acres 1 rood 38 perches; sold for £1,395 8s. 6d.; average price per acre, £3 4s. 5d.

18th January, 1890: Ashley Downs Estate, containing 5,206 acres and 22 perches; sold for £15,750; average price per acre, £3 0s. 6d.

21st June, 1881: 7,449 acres and 35 perches in the Waipahi District, and 4,725 acres 2 roods and 31 perches in the Pomahaka District, making together 12,174 acres 3 roods 26 perches; sold for £25,567 6s. 3d.; average price about £2 2s. per acre.

NOTE.—Prices paid per acre at Government auction sales for certain lands in Block XII., Pomahaka: Section 4, 44s.; May, 1864. Sections 6 and 11, 50s.; May, 1864. Section 12, 70s.;

May, 1864; Section 14, 72s.; May, 1864. Section 26, 79s.; May, 1864. Section 27, 81s.; June, 1864. Section 28, 80s.; May, 1864. Section part 1 of 29, 81s.; May, 1864.

APPENDIX K.

To His Excellency the Right Honourable DAVID, Earl of Glasgow, &c., Governor of the Colony of New Zealand.

MAY IT PLEASE YOUR EXCELLENCY,—

We, the members of the Board of Land Purchase Commissioners for the Land District of Otago, have the honour to report that, in compliance with the directions contained in your Excellency's minute of the 6th instant, we have ascertained the value and suitableness for settlement of the lands mentioned in the schedule hereto, and respectfully recommend purchase of the same at a price of £2 10s. per acre.

Given under our hands, at Dunedin, this 14th day of September, 1893.

S. PERCY SMITH.
J. P. MAITLAND.
H. TURTON.

SCHEDULE.—OTAGO.

PARTS of Blocks XI., XII., XIII., and XIV., Pomahaka Survey District, containing 7,466 acres, more or less, offered by Mr. John Douglas.

APPENDIX L.

(Telegram.)

25th September, 1893.

HON. MINISTER OF LANDS desires me to offer you two pounds ten shillings per acre for the Pomahaka Downs Estate, 7,466 acres about.

S. PERCY SMITH,
Surveyor-General, Wellington.

John Douglas, Esq., Mount Royal, Palmerston.

APPENDIX M.

(Telegram.)

27th September, 1893.

YOUR telegram received. Try split difference; making price sixty shillings.

S. Percy Smith, Surveyor-General, Wellington.

JOHN DOUGLAS, Palmerston.

Hon. Minister of Lands.

I do not think the Act contemplates your offering a higher price than what the Board recommends.
27th September, 1893.

S. PERCY SMITH.

Accordingly.—J. McK. 29/9/93.

APPENDIX N.

(Telegram.)

Wellington, 2nd October, 1893.

YOUR telegram of the 27th has been considered by the Minister. He cannot advance on the price offered already.

S. PERCY SMITH, Surveyor-General.

John Douglas Esq., Mount Royal, Palmerston.

APPENDIX O.

(Telegram.)

3rd October, 1893.

YOURS of last night received. Have written you fully and conclusively by to-day's mail.

S. Percy Smith, Wellington.

JOHN DOUGLAS, Palmerston.

APPENDIX P.

DEAR SIR,—

Mount Royal, Palmerston, Otago, New Zealand, 3rd October, 1893.

I am this moment in receipt of your telegram of last night, and regret to find the Minister of Lands cannot advance upon your offer of 50s., say, fifty shillings per acre, for my Pomahaka Downs Burning Plains Estate, so I must reluctantly accept of this offer. This will prove the most successful settlement the Government has ever touched, and will, I feel, prove as successful as the "Douglas Settlement, Manawatu"; call this one "the Douglas Settlement South."

Yours, &c.,

S. Percy Smith, Esq.

JOHN DOUGLAS.

P.S.—Shall I ask your agents, Messrs. Haggett, to prepare the conveyance, or will you yourself do so.—J. D.

Hon. Minister of Lands.

You will see from this that Mr. Douglas will accept £2 10s. an acre or (about) £18,500. I propose to instruct Crown Solicitor to prepare deeds as soon as possible; also to have the survey put in hand at once, for which purpose I shall want another surveyor for, say, nine months, or two for five months, at usual rates. I propose to give the Treasury notice at once that we shall want the money soon, and a sum for survey and roading in addition. Mr. Douglas will also have to be told.

S. PERCY SMITH. 4/10/93.

Approved.—J. McK. 7/10/93.

15—I. 5A.

APPENDIX Q.

25th August, 1893.

Unto the Honourable the Minister of Lands, Wellington, New Zealand.

THE Petition of the undersigned settlers and would-be settlers in Clutha County and neighbourhood, in the Provincial District of Otago, humbly sheweth,—

That your petitioners have watched with pleasurable satisfaction the facilities for settlement afforded by your Government in offering practical opportunity for so doing upon New Zealand lands, under perpetual lease, and (or) the deferred payment system.

That land, to be thoroughly suited for close settlement, should be really fitted for growing well, both cereals, turnips, and English grass. But there is no open land of that quality in this quarter now in hands of Government.

That were Government procuring land in this district by purchase for settlement purposes, possessing these qualities, this would then place it within reach of settlers to take advantage of any favourable opportunity for either cropping or rearing and fattening stock, as from time to time may practically be found most profitable.

That land thus capable of cultivation affords, over and above the advantages of ordinary grazing, facilities for artificially feeding, rearing, and growing fat lambs for export, as well as for fattening off at an early age the class of long-wool sheep for freezing, now most fashionable as well as profitable.

That land, to be well suited for close settlement, should not only be of fairly good and ploughable quality, so as to give comparatively quick and fairly profitable returns without much previous waste of time and outlay, but should also possess good aspect, climate, and natural shelter; should be pretty centrally located, well watered, and readily accessible by road and rail; should be handy for obtaining sawn timber for building and other purposes, as well as obtaining firewood or lignite for fuel.

That a property possessing the above qualities, and of maiden soil, is located almost in our midst, and could, we believe, be secured by your Government on reasonable terms,—namely, the Pomahaka Downs, the property of Mr. John Douglas, Mount Royal, Palmerston South, and containing about 7,500 acres, say 7,500 acres. This property fronts the Pomahaka River, and bounds with Clydevale Estate, and embraces the Burning Plains, the balance being rolling downs, affording beautiful shelter, and intersected by numerous running streams; the aspect being north-east. It is located near the following trunk-line railway-stations—namely, within six miles of Clinton, eight miles of Waiwera, five miles of Wairuna, twenty-one miles of Balclutha; also within six miles of River Clutha, at Clydevale Steamship Loading Bank.

That this property, from the quality of its soil as well as from its fine aspect, local position, natural shelter, and abundant supply of water, is admirably suited for dairy-farms, agricultural farms, or grazing-farms, and, better still, the whole three combined, this estate being all ploughable save 200 to 300 acres about.

That lignite abounds on this property is evidenced by the large seams cropping up in the Pomahaka River-bed, as well as at the Burning Plains, forming part of the Pomahaka Downs Estate, believed to be on a bed of lignite.

That the south-western slopes of the Blue Mountains are within one mile and a half of this property, where there is an inexhaustible supply of timber for fencing, firewood, and other purposes.

That the suitability of the quality of the soil of Pomahaka Downs Estate for close settlement has been amply verified by the crops produced by the settlers upon the 1,100 acres of this property sold in small holdings by Mr. Douglas in June, 1889.

That, for the foregoing reasons and facts, your petitioners humbly pray that necessary steps be taken by your honourable Government to endeavour and secure by purchase for perpetual lease, and (or) deferred-payment settlement, the Pomahaka Downs Estate, and, further, that it be then put upon the market in sections of about 150 to 500 acres, say 150 to 500 acres, to suit various classes of settlers.

And your Petitioners, as in duty bound, shall ever pray.

ROBERT BAGRIE, and 301 others.

APPENDIX R.

(Telegram.)

11th September, 1893.

CAN you give me the tax values of the following properties: John Douglas, Blocks XI., XII., XIII., and XIV., Pomahaka, containing 7,466 acres; also Shennan's Conical Hill property, Waikaka and Glenkenich and Waipahi Districts, containing 13,800 acres?

S. PERCY SMITH,

The Tax Commissioner, Wellington.

Surveyor-General, Wellington.

APPENDIX S.

(Telegram.)

11th September, 1893.

PROPERTY referred to in telegram assessed as follows: John Douglas, 7,556 acres, £16,104, and Watson Shennan [omitted for purposes of publication].

C. M. CROMBIE,

The Surveyor-General, Dunedin.

Commissioner, Wellington.

APPENDIX T.

(Telegram.)

5th September, 1893.

Any papers *re* land purchase, Canterbury, please forward there. Shall be Christchurch Wednesday night. Please wire if those two offers near Clinton are referred to Board.

The Under Secretary for Lands, Wellington.

S. PERCY SMITH, Cheviot.

APPENDIX U.

EXTRACT from the minutes of a meeting of the Board of Land Purchase Commissioners for the Land District of Otago, held at the Land Office, Dunedin, 12th September, 1893. Present: Mr. S. P. Smith, Surveyor-General (in the chair); Mr. J. P. Maitland, Commissioner of Crown Lands, Otago; Mr. H. Turton, District Land Registrar, Otago.

A memorandum was read from the Governor, directing the Board to inquire and report on an offer by Mr. John Douglas of his property at Pomahaka, consisting of Blocks XI., XII., XIII., and XIV., Pomahaka Survey District, containing about 7,466 acres.

The reports of the Chief Surveyor and of Mr. W. Dallas were read and considered, and the evidence of both these gentlemen taken orally.

The Board then adjourned till 2 p.m. on the 13th instant.

Confirmed—S. PERCY SMITH, Chairman. 13/9/93.

EXTRACT from the minutes of a meeting of the Board of Land Purchase Commissioners for the Land District of Otago, held at the Land Office, Dunedin, 13th September, 1893. Present: Mr. S. P. Smith, Surveyor-General (in the chair); Mr. J. P. Maitland, Commissioner of Crown Lands, Otago; and Mr. H. Turton, District Land Registrar, Otago.

A memorandum was read from the Governor, dated 6th September, 1893, directing the Board to report on and value a property known as Conical Hills, offered to the Government by Mr. Watson Shennan, and being parts of Blocks III. and VI., Waikaka District; VIII. and IX. Waipahi District; and IX., X., XII., and XVI., Glenkenich District, containing about 13,832 acres.

Oral evidence concerning this property given by Mr. C. W. Adams, Chief Surveyor, and Mr. W. Dallas, was taken yesterday.

The Board resolved, That the land offered by Mr. Shennan seems suitable for settlement in farms of from 200 acres upwards; the quality of the soil is good, and its position well adapts it for settlement. The Board considers the price put upon the land by the Valuer, viz., £3 5s. an acre; a fair price for land of this nature, and cultivated to the extent it is.

The Board recommends Mr. Shennan's proposition as to exchanging this land for pastoral Crown land; but failing that, recommends the purchase of that part of the property within the Otago Land District.

The Board next continued the consideration of Mr. J. Douglas's offer.

It was resolved, That the property offered by Mr. John Douglas appears to be suitable for farms of from 200 acres and upwards; the land is of good quality, and the position such that it would all be selected if offered to the public. There appears to be a demand for such land in that part of Otago. The Board recommends the Government to purchase this land at the price of £2 10s. an acre. In the event of its being necessary to make a choice between this property and that offered by Mr. Shennan, the Board recommends that the latter should have the preference.

Confirmed—S. PERCY SMITH, Chairman. 1st March, 1894.

APPENDIX V.

(Telegram.)

7th October, 1893.

YOUR note of the 3rd received, containing your acceptance of offer. Instruction to Crown Solicitor now going out to prepare conveyance. On signature, money will be paid.

S. PERCY SMITH, Surveyor-General, Wellington.

John Douglas, Esq., Mount Royal, Palmerston.

APPENDIX W.

(Telegram.)

7th October, 1893.

POMAHAKA Estate must be cut up at once for disposal into sections 200 acres upwards. What arrangements can you make. Will you want more surveyors?

S. PERCY SMITH, Surveyor-General, Wellington.

The Chief Surveyor, Dunedin.

APPENDIX X.

9th October, 1893.

"Land for Settlements Act, 1892."

THE undermentioned sums will be required in cash very shortly for the property mentioned below: Purchase-money, about £18,500; expenses, £1,500: total, £20,000.

S. PERCY SMITH, Surveyor-General.

The Secretary to the Treasury, Wellington.

APPENDIX Y.

Department of Lands and Survey,

District Office, Dunedin, 21st August, 1893.

(Memorandum.)

Re Douglas's Property, Pomahaka.

I FIND I cannot get plan of this property to-day, but will forward full particulars by Ranger Hughan, who leaves here on Wednesday afternoon.

J. P. MAITLAND, Commissioner of Crown Lands,

C. W. Adams, Esq., Pomahaka.

APPENDIX Z.

DEAR SIR,—

Mount Royal, Palmerston, 21st August, 1893.

I beg to offer to the Government, through yourself, the whole of the balance of my Pomahaka Estate, including the Burning Plains, consisting of about 7,500 acres.

The portion sold to different settlers two or three years ago, in the depth of the depression, realised £3 13s. per acre; and I think what I now offer should be worth, say, £3 10s. per acre.

Mr. Turnbull, butcher, Clinton, my agent, would show the estate if you have not time to communicate with myself. Meantime, waiting to hear from you.

Yours, &c.,

JOHN DOUGLAS.

J. P. Maitland, Esq., Chief Commissioner Crown Lands, Dunedin.

Hearing that Mr. Adams was going down, I have just wired you to the above effect.—J.D.

APPENDIX A 1.

DEAR SIR,—

Land Office, Dunedin, 22nd August, 1893.

I am in receipt of your letter of yesterday's date, referring to your offer to Government of your Pomahaka property. Mr. Adams has received instructions as to inspecting the property, and is now in the district, and will visit it within a week. I will forward your letter to him, and he will doubtless avail himself of Mr. Turnbull's services, if he considers it necessary.

I have a tracing of the property made on a lithograph plan of the district, which I am forwarding to Mr. Adams.

I am, &c.,

John Douglas, Esq., Palmerston.

J. P. MAITLAND.

APPENDIX A 2.

(Telegram.)

21st August, 1893.

HAVE just got telegram from Mr. Barron to inspect John Douglas's property at Pomahaka, near Clinton. He says you will send me maps to Clinton, but you had better send them to Pomahaka Railway-station. I will inspect this after Conical Hills is inspected. Please get Mr. Fynmore to colour off the 7,400 acres, or thereabouts, in Blocks XI., XII., XIII., and XIV., in Pomahaka District, and send me full particulars. Who shall I see on the estate? Will John Douglas be there? I suppose Hughan will be with me?

C. W. ADAMS,

Chief Surveyor, Waipahi.

J. P. Maitland, Esq., Commissioner of Crown Lands, Dunedin.

APPENDIX A 3.

Department of Lands and Survey,

SIR,—

District Office, Dunedin, 5th September, 1893.

On behalf of the Board of Land Purchase Commissioners I am directed by the Surveyor-General to instruct you to make a valuation of the properties of Mr. John Douglas and Mr. Watson Shennon, in the Clinton and Waipahi Districts, which have been offered to the Government for settlement purposes, as per plans forwarded herewith; and to request that you will be good enough to take the matter in hand forthwith, in order that your valuation may be available for the Commissioners not later than the end of the present week.

J. P. MAITLAND,

Commissioner of Crown Lands.

William Dallas, Esq., Balclutha.

APPENDIX A 4.

(Telegram.—Urgent.)

7th September, 1893.

HAVE you instructed Dallas re valuation Conical Hills and Pomahaka? Please wire to him to hurry them on or it will delay me very much. I want a meeting of the Board on Monday morning to take Meek's case; shall be down on Saturday. Please let me know when Dallas's report will be in.

S. PERCY SMITH,

The Commissioner of Crown Lands, Dunedin.

Surveyor-General, Christchurch.

APPENDIX A 5.

Dunedin, 7th September, 1893.

MR. DALLAS duly instructed, and urged to have report ready by Saturday, if possible; but I am afraid he cannot have it forwarded before Tuesday.

J. P. MAITLAND,

The Surveyor-General, Christchurch.

Commissioner of Crown Lands, Dunedin.

APPENDIX A 6.

(Telegram.—Urgent.)

Dunedin, 7th September, 1893.

SURVEYOR-GENERAL wires will be here on Saturday evening. Very anxious to have meeting of Purchase Board on Monday; try if possible to come on Monday night. If you can make up your mind as to price of both places, you can fill up other particulars here; very urgent.

J. P. MAITLAND,

William Dallas, Esq.,

Commissioner of Crown Lands, Dunedin.

Care Watson Shennan, Esq., Waipahi.

APPENDIX A 7.

Department of Lands and Survey,

District Office, Dunedin, 27th July, 1894.

SIR,—

I have the honour to report on an inspection made of the Pomahaka Downs Estate on the 24th instant, and attach schedule showing area of land cultivated and improvements effected by selectors on that date. Thirteen selectors have ploughed 1,225 acres, or an average of 94 acres each. This should be considered very satisfactory, seeing that selectors have been barely five months in occupation.

The appearance of the land when turned up is excellent, and quite justifies the capabilities formed of this property. Fencing is in progress, but the majority of settlers are waiting for the roads to get better before carting their fencing material on to the ground. Building is also going on; eleven houses have been erected, and others are in the course of construction. One settler has erected a blacksmith's shop, and will combine his trade with that of farming.

Settlers are moving in the matter of getting a school, and, as there are sufficient children of school age between what are now on the estate and what are coming on to it shortly to warrant the erection of a school, it is to be hoped that settlers will soon have the advantages of education for their children.

Settlers are anxious that the ford over the Pomahaka River, at the northern end of the estate, be made passable for dray traffic, and a little road construction effected across the river. This would give access to the Rankleburn Bush, and also give a near road to the Molyneux River. Settlers also point out that some road formation along the river-bank at the Lignite Reserve would allow settlers to get access to the lignite, and also give settlers on the Burning Plains an easy road to Waiwera Railway-station. Both proposals seem to me to be worthy of consideration. The roads are in a forward state of completion, but cannot be expected to carry heavy traffic until the formation settles. In this schedule, cost of cultivation is included in the total value of improvements effected.

I may add that there is a constant inquiry by intending settlers, as to how many sections are still remaining unlet; and, in my opinion, after a school is once established, the remaining sections will be readily taken up.

T. P. FRASER,

Crown Lands Ranger.

The Commissioner of Crown Lands, Dunedin.

LIST of SELECTORS in the POMAHAKA DOWNS ESTATE, with Valuations of Improvements up to date, 24th July, 1894.

Name of Lessee.	Section.	Block.	Area.	Date of Selection.	Rent per Acre.	Resident or not.	Area Cultivated.	Value Fencing or Buildings.	Total Value Improvements.
			A. R. P.	1894.	s. d.		A. R. P.	£ s. d.	£ s. d.
P. McG. Murray ..	58	X.	250 2 25	Feb. 20	4 1½	Resident	130 0 0	50 0 0	115 0 0
Wm. Perring ..	51	X.	88 3 13	"	4 3	Non-resident	Nil	Nil	Nil
Mrs. E. Mitchell ..	{ 61 48	{ X. XI. }	219 2 5	"	3 0	"	"	"	"
R. C. Boyes ..	2	X.	237 3 11	"	3 3	Resident	50 0 0	20 0 0	45 0 0
Mrs. J. Wylie*	8	XIV.	311 3 37	"	3 6	"	15 0 0	130 0 0	137 0 0
G. W. Watt ..	50	XI.	199 3 38	"	3 4½	"	100 0 0	50 0 0	100 0 0
G. Harvey, junr. ..	7	XIV.	289 2 10	"	3 6	"	200 0 0	100 0 0	200 0 0
G. Cormack†	6	XIV.	281 1 0	"	3 6	"	60 0 0	30 0 0	60 0 0
A. Smith‡	20	XIII.	247 0 8	"	3 3	"	50 0 0	120 0 0	145 0 0
T. H. Erskine ..	14	XIII.	250 3 0	"	3 4½	"	140 0 0	40 0 0	110 0 0
Wm. Gray ..	10	XIII.	271 3 20	"	3 1½	Non-resident	Nil	Nil	Nil
J. Stevenson§	4	XIV.	316 1 0	"	3 0	Resident	40 0 0	60 0 0	80 0 0
J. Falconer ..	12	XIII.	230 1 0	"	3 3	"	130 0 0	50 0 0	115 0 0
J. Abernethy ..	{ 4 9	{ XIII. XIV. }	221 3 35	"	3 4½	"	60 0 0	60 0 0	90 0 0
T. Chapman ..	5	XIV.	289 1 0	"	3 6	"	Nil	25 0 0	25 0 0
E. Clement||	18	XIV.	291 3 20	March 7	3 3	"	"	80 0 0	80 0 0
E. Gray ..	15	XIII.	276 2 36	April 11	3 1½	"	130 0 0	10 0 0	75 0 0
S. Hansen¶	9	XIII.	271 0 24	April 18	3 4½	"	120 0 0	80 0 0	140 0 0
Mrs. H. Williams ..	5	XIII.	232 1 8	July 16	3 0	Non-resident	Nil	Nil	Nil
T. Williams ..	6	XIII.	292 1 24	"	3 1½	"	"	"	"
Mrs. M. Chapman**	16	XIV.	158 3 20	June 16	3 3	"	"	"	"
Totals ..	..	..	5,230 1 14	..	..	..	1,225 0 0	905 0 0	1,517 0 0

* Family. † Family (7) coming on to land when winter is over. ‡ Brother-in-law and family residing on land as well. § Family (7); the mother and younger children are still at Gore, but come on to land as soon as school is erected. || Family (five children) at Clinton; moving on to land when house finished. ¶ Family (11); has erected a blacksmith's shop. ** Coal reserve being made on this section.

APPENDIX A 8.

Waihao Downs, Waimate, 1st March, 1882.

SIR,—

Re my Pomahaka Lands.

It strikes me Mr. John Roberts might buy it for a stud station. You might see him; and, as the company offered me their adjoining land between it and the river at £4 per acre, he could make a large estate; but I would not say anything *re* the company's land unless he were to bite.

Failing Roberts, then *re* Brown's offer. In place of leasing same to him with purchasing clause, I think the better course would be to sell right out, taking his mortgage for piece, and binding him to expend so much annually in permanent improvements on property—thus enhancing the value, and consequently the security, which might enable me eventually to sell the mortgage. I fear it would be out of Brown's power to pay down any portion of the price with expenditure in improvements and interest staring him in the face. If I am right in this view of thus dealing with the property, then comes the question, What should be the price? £28,000, which he offers, is equal to £3 8s. 3d. per acre, assuming 8,200 acres; then £3 10s. per acre would make £28,700. You might ask him to call, and first suggest his submitting written offer to me of £28,700, payable in five years hence, and bearing interest at 6 per cent. payable six-monthly—using as argument the spurt which will take place when the London market as an outlet for our surplus stock is a fact accomplished. Whatever he offers, let it be in writing.

The price the rams have fetched should help you in dealing.

A. C. Begg, Esq.

Yours, &c.,
JOHN DOUGLAS.

APPENDIX A 9.

MY DEAR SIR,—

Lower Rattray Street, Dunedin, 4th August, 1891.

I find I have not got the blocks of your cheques from 26th April to 30th June. Will you please let me have these to complete the cash-book to the latter date.

Will you be down to-morrow to the meeting of the Freezing Company. I would like to see you particularly about the bank account, which is now made up to date. Murray, Wairuna, offers a rent of £60 per annum for a lease for seven years of the three sections adjoining him, 537 acres, and promises to break up and take two crops of turnips, and two grain crops, and lay down in grass. I think the offer is not a bad one, equal to a rent of 2s. 3d. an acre, and the land will be improved in value by at least 20s. an acre. I should like to discuss this with you. I have a letter from Mr. G. Clifford, who has just been in Wellington, and who takes a very despondent view of the outlook.

John Douglas, Esq., Mount Royal.

Yours, &c.,
ALEX. C. BEGG.

P.S.—The horses, &c., arrived all right. Many thanks.—A. C. B.

APPENDIX A 10.

DEAR SIR,—

Waiwera, 22nd November, 1891.

I am aware you have some land adjoining the Clydevale Estate, and leased by the New Zealand and Australian Company. I suppose the company is paying just a nominal rent for the same. If I could get it from you I would be willing to give what I think a fair rent for it. If you would think of leasing it yearly for five or seven years I would be glad if you would fix a figure you would take for each term respectively. I will consider the same and reply.

John Douglas, Esq.

I am, &c.,
THOMAS CHAPMAN.

Address—Thos. Chapman, Waiwera South, Otago.

P.S.—I take it for granted that you understand it is the block containing about 7,000 acres.—T. C.

APPENDIX A 11.

DEAR SIR,—

Waiwera, 27th November, 1891.

Your letter of the 24th duly to hand. I note that your aim is to sell, and not lease. I may say that I can see my way clear to lease and stock it well, but not to purchase in the meantime, even though the terms might be easy. In the event of my leasing, and my being successful, in all probability I would purchase in about three years.

If you saw your way to lease it, I would be willing to break up, say, 500 acres a year, sow it with turnips two years in succession, and then lay it down with first-class English grasses.

This would, of course, enhance the value of the land a great deal.

Arrangements could be made for you to sell parts of it whenever opportunity presented itself. If you give me any encouragement I will take a run up to see you, with a view to making arrangements that will suit both parties. As a matter of course, land laid down with English grass is worth more, even to me. It might be arranged so that the rent only ordinary at the start, but as the land is laid down it might be increased till it would even pay you so well to lease it as to sell. There is plenty of come and go in me. If you will lease at all, I think we shall be able to come to some sort of terms.

John Douglas, Esq.

I am, &c.,
THOS. CHAPMAN.

P.S.—If convenient, I would be glad if you would reply soon, as I have some other speculation in view.—T. C.

P.S.—You will observe that I have written in my own name only. I may state, however, that a near friend, or, rather, acquaintance, joins me.—T. C.

APPENDIX A 12.

DEAR SIR,—

Waiwera, 15th December, 1891.

About a fortnight ago I wrote you a letter making some suggestions relative to your land, Pomahaka Downs, but have received no reply.

It has occurred to me that perhaps it has never reached your hands. Will you be good enough to let me know whether you have received it or not, and oblige.

John Douglas, Esq.

Yours truly,
THOMAS CHAPMAN.

APPENDIX A 13.

DEAR MCKENZIE,—

Mount Royal, 13th November, 1893.
Re *Pomahaka Downs Sale*.

I have yours of to-day.

(1.) The land (part of Pomahaka Downs) sold by me in June, 1889, to small settlers, consists of 1,450 acres. Average price obtained, £3 12s. 6d. per acre.

(2.) It lies nearest to Clinton, but not of so good quality nor so fine aspect, nor so well watered, as the 7,563 acres, part of same estate sold to Government at 50s. per acre.

(3.) Believe all who bought in June, 1889, as well as bulk of settlers from Waipahi to Clinton, signed petition to Government to buy—which petition, signed by them, described land. Draft petition enclosed herewith.

Extra facts:—

(a.) Brown and Rattray (Brown, Green Island), and Rattray and Son, Dunedin, offered me £4 5s. to £4 10s. per acre for it (the estate) about time Scobie said that he heard it offered at £2 10s. per acre. Have asked Brown to confirm this.

(b.) A lease to the company at, I think, 9d. per acre, they paying taxes, was accepted to enable me to resume possession if sold, I being in treaty with an English gentleman. The crisis knocked this on the head, however, hence my selling to Government, or rather, giving it away at £2 10s. per acre.

(c.) Turnbull, Agent, Clinton, could have got £3 per acre in May last for 1,000 acres. I asked £4.

(d.) David Murray, dealer and settler, near Gore, told me at Agricultural Conference, June, 1893, in Dunedin, that he knew the land thoroughly, but £3 per acre for whole estate was his limit.

(e.) Have had several applications this year, both to lease and buy, but did not care to give long terms.

(f.) McGill (James), farmer, Waikouaiti, told me, after the Waikouaiti County Council election, that he knew and had seen the land. When asked where, he replied, Hughitt's farm, on Molyneux banks, in scrub opposite Dalhousie. When his mistake was pointed out, he sincerely apologized.

Hon. J. McKenzie.

Yours, &c.,

JOHN DOUGLAS.

APPENDIX A 14.

DEAR Mr. MCKENZIE,—

Mount Royal, 16th November, 1893.

I am labouring under great disadvantage in an endeavour to unearth the early history of my Pomahaka Downs, Burning Plains Estate, sold by myself to your Government, because the papers and letter-books anent same were destroyed by fire at Waihao Downs.

I have, however, just received from Mr. A. C. Begg's son, Dunedin, a letter referring to an offer made for the property by Mr. Alexander Brown, Green Island, February, 1882, of £28,000 sterling. It then consisted of about 8,200 acres, and which offer I then refused. Mr. Brown made me a higher offer than that—I think £4 5s. or £4 10s. per acre. I have written to Mr. Brown respecting this, but have not yet had reply.

But I have this morning received a letter from Mr. William Turnbull, land and stock agent, at Clinton, confirming the telegram he sent me last night to the following effect: "Each and every former purchaser signed petition for Government to buy."

In his letter (copy enclosed) he also refers to the valuations of this property made by the various men who were after the land from time to time. But the bare fact that I sold 1,450 acres, and this not the best of the estate, by public auction at Clinton, through the Farmers' Agency Company, in June, 1889, at £3 12s. 6d. per acre to *bona fide* buyers, as settlers, who have since successfully cultivated their respective purchases and paid me the whole of the purchase-money, and who, moreover, along with hundreds of others, settlers between Waipahi and Balclutha, signed the petition presented to your Government requesting the purchase of the balance—7,563 acres—of this estate for deferred payment or perpetual lease settlement by your Government, should, to any unprejudiced person, be ample evidence of the real intrinsic value of the lands composing this estate.

To prevent misconception, I enclose copy of letter received from Mr. Turnbull, referred to above, lest, in referring to the subject, you may deem it necessary to quote the letter.

I also enclose copy of my letter to Mr. Scobie Mackenzie, and which speaks for itself, but to which he has not yet seen fit to reply. I should not be surprised that he has now discovered, as did Mr. James McGill when denouncing the purchase at the Waikouaiti election of County Councillors, upon the faith of his having seen the property, but which proved to be another property altogether. Mr. McGill apologised for his mistake, but Mr. Scobie Mackenzie has not done so.

Yours, &c.,

JOHN DOUGLAS.

Hon. J. McKenzie.

APPENDIX A 15.

DEAR SIR,

Mount Royal, Palmerston, Otago, 29th July, 1893.

I am just in receipt of letter from Mr. Grierson, recalling his bank's advance upon Pomahaka Downs, as follows:—

"Dunedin, 29th July, 1893.—John Douglas, Esq.—DEAR SIR,—In answer to inquiries by Messrs. Wright, Stephenson, and Co., I have informed them that the amount due in respect of our mortgage over Pomahaka is £9,000, and accumulated interest due 21st August. The amount named must not be exceeded, and, as it now represents a dead advance against land which it will not suit the bank to continue, I have been instructed to call it up.—Yours, &c., C. B. GRIERSON, Manager."

Copy of my reply I enclose. The bank appear to have taken scare at your second mortgage. Mr. Turnbull has returned the petition, and which I also enclose herewith. Kindly allow your typewriter to make three copies on foolscap, two of which should be sent to Mr. William Turnbull, Clinton, whom I have asked to arrange for getting signatures in that neighbourhood.

Do you know any one at Balclutha who could secure signatures there, seeing that Mr. Dunn has now given up the hotel.

Messrs. Wright, Stephenson, and Co.

Yours, &c.,

JOHN DOUGLAS.

P.S.—In copying the petition please put the figures in writing as well as figures.

APPENDIX A 16.

MEMORANDUM.

For Mr. W. Turnbull, Clinton.—From Wright, Stephenson, and Co., High Street, Dunedin.

DEAR SIR,—

3rd August, 1893.

We enclose herewith two copies of a petition to the Minister of Lands, which we send you at the request of Mr. John Douglas, and regarding which we understand that gentleman has himself advised you.

Yours, &c.,

WRIGHT, STEPHENSON, AND CO.
(per R.D.N.)

APPENDIX A 17.

DEAR SIR,—

Dunedin, 29th August, 1893.

The Union Bank of Australia, Limited, having given me notice that it calls up the amount owing by me to it, being about £9,244, which is secured by first mortgage of my Pomahaka Downs property, I beg to request that you will on my account arrange to pay off the said amount, together with accrued interest, securing yourselves either by transfer of the said mortgage or in any other way you may arrange, and I undertake to execute on demand such documents as your Solicitors may consider necessary for the perfecting of such security.

I am at present negotiating with the New Zealand Government for the sale to it of the said property, and it is understood that you allow me up to the 29th October, 1893, to complete these negotiations, but in the event of their not being successfully completed by that day, you are hereby authorised to advertise and sell the said property, either in one lot or in subdivisions, at such price or prices and upon such terms of payment as you may consider most advantageous. All charges of whatever nature to be incurred by you in the matter of the mortgage, and of the sale or sales, are to be paid by me; and I further agree to pay you interest on the mortgage at the rate of £7 10s. per cent. per annum, and commission on the sale or sales of the said property at the rate of 1 per cent., if the New Zealand Government is the buyer; but at the rate of £2 10s. per cent. if the sales are effected to other buyers.

JOHN DOUGLAS.

Messrs. Wright, Stephenson, and Co., Dunedin.

APPENDIX A 18.

MY DEAR SIR,—

Lower Rattray Street, Dunedin, 17th November, 1893.

I have your letter of 16th instant.

I called on Mr. Rattray, and, Brown happening to be in at the time, I asked him about your letter. I tried to persuade him to write you a note certifying that he had made a certain offer for the land, giving date, &c., as you wish, but he declined to do so. He thinks it would not be advisable for him to get his name mixed up with this business, as he fancies people will think he is just trying to raise the value of his own land, and in the event of his wanting to sell would damage his chance of doing so. Mr. Rattray, and he also, thinks that John McKenzie's reply is quite sufficient, and that no more will be heard of the matter.

I can see no letter to or from Donald Tolmie *re* leasing Pomaka land. Have you looked in the old letter-book that you have got at Mount Royal?

John Douglas, Esq., Mount Royal.

Yours, &c.,

A. CLARKE BEGG.

P.S.—The "Oceana" arrived at Albany on 15th inst.

APPENDIX A 19.

(Telegram.)

30th August, 1893.

PRESENTED petition. Minister favourably disposed. Will telegraph Waste Land Board obtain authentic valuation. Will probably send Board to inspect land. Any suggestion you may think of I shall be glad to represent.

THOMAS MACKENZIE, Wellington.

W. Turnbull, Clinton.

APPENDIX A 20.

DEAR SIR,—

Mount Royal, 17th August, 1893.

Settlers and others in your district are making petition to Government asking them to secure and then offer on long terms—the thing that a private individual cannot well do in these times—for close settlement my Pomahaka Downs and Burning Plains Estate, about 7,450 acres. The success of this depends very much upon the way you view it. But, as I know you have hitherto done all in your power to advance the settlement of the district, venture to ask your aid, and, consequently do so with the more confidence.

Yours, &c.,

T. Mackenzie, Esq., M.H.R., Wellington.

JOHN DOUGLAS.

APPENDIX A 21.

DEAR SIR,—

Wellington, 22nd August, 1893.

I am in receipt of yours *re* Pomahaka Downs. If the petitioners will advise me of the date when they intend forwarding request, I shall be glad to attend and support their wishes.

John Douglas, Esq., Mount Royal.

I am, &c.,

THOS. MACKENZIE.

APPENDIX A 22.

DEAR SIR,—

Wellington, 28th August, 1893.

I am duly in receipt of your land petition. I have already been in communication with Mr. John Douglas on the subject. I shall be glad to present, and recommend the Minister to secure the land, if it can be had at a reasonable price. I shall attend to your suggestion regarding lengthy terms and low interest. Were the property purchased, money could be had at 4 per cent. at London, and, in view of the indirect advantages of settlement to the colony, the same rate should be charged to persons taking up the land.

W. Turnbull, Esq., Clinton.

I am, &c.,

THOMAS MACKENZIE.

APPENDIX A 23.

Date of offer by Government.	Name of Property.	Area.		Total cost to 1st October, 1893, including cost of Improving.			
		A.	R. P.	£	s.	d.	
15/5/93	Studholme Junction Estate	107	2 17	1,359	16	6	
16/5/93	Parōra Estate ...	620	2 13	7,325	13	0	
5/8/93	Kapua Settlement ...	574	1 5	4,831	5	0	
15/9/93	Te Anaraki Settlement ...	347	3 18	5,444	0	6	
		1,650	1 13	18,960	15	0	= Paid and contracted to be paid.
	Funds available ...	...	...	50,000	0	0	
	Balance ...	...	...	31,039	5	0	
9/9/93	Estate in Canterbury ...	3,868	0 0	15,472	0	0	
14/9/93	Conical Hills Estate ...	13,800	0 0	3,673	0	0	Southland. Otago.
25/9/93	Pomahaka Estate ...	7,462	3 1	41,281	0	0	
		25,130	3 1	20,156	17	10	
				80,582	17	10	Estimated liabilities.

APPENDIX A 24.

DEAR SIR,—

Clinton, 10th April, 1893.]

I put off answering your letter of 21st March, as Mr. Roseveare expected a letter from the Old Country, from his friend (a Mr. Rooke), a capitalist, who intended buying an estate here.

Mr. H. Roseveare, who is a farmer in Waiwera, says this Mr. Rooke is almost certain to come out here. He has written to him, telling him all about your Pomahaka Downs Estate, also that it is a good time to acquire property, and expects an answer soon; and any information I get on the matter I will acquaint you.

Re Mr. Ogle, of Stewart Island: I think he is a very unlikely purchaser. He seems to have too many projects in his head, and carries out none of them.

John Douglas, Esq.

I am, &c.,

WM. TURNBULL, Clinton.

APPENDIX A 25.

DEAR SIR,—

Clinton, 19th April, 1893.

There is a young man here (a Mr. Mathison), wishes to lease your Pomahaka Downs for a term of fourteen or twenty-one years, and wants to know at once on what terms he could have it, and what arrangements could be made regarding, say, a four-roomed cottage, woolshed, and stable.

He is anxious to know at once, and, if he agreed with you, when he could get possession; as through an error in my telegram he thought he had got Kuriwoa, and bought stock, which he will have on hand after this month, without country to run them on.

I told him as far as I knew you did not want to lease at all, that you wanted to sell, but he is not on for buying.

He has sufficient capital and backing to see him through any engagements he is likely to enter into. Kindly let me know at once what you think of this, as Mr. Mathison's sheep are advertised for sale on 27th April, and will be sold if he does not get a place.

John Douglas, Esq.

I am, &c.,

WM. TURNBULL.

APPENDIX A 26.

DEAR SIR,—

Mount Royal, Palmerston, Otago, New Zealand, 22nd April, 1893.

I have yours of the 19th before me, and which I found waiting my return from Wellington last night. I am not disposed to lease the Pomahaka Downs, but rather to sell same right off.

I shall be anxious to learn particulars should you hear anything of our expected buyer from the Home Country.

Thanking you for the trouble you are taking.
William Turnbull, Esq.

Yours, &c.,
JOHN DOUGLAS.

APPENDIX A 27.

SIR,—

Clinton, 11th May, 1893.

I had a party called on me to-day wishing to know if you would sell 1,000 or 1,500 acres of your Pomahaka Downs.

If you think of selling a portion like this, kindly send me particulars as to price, &c.; also map you spoke of, as it would be very handy while showing people the land.

No word from the English gentleman to date.

I am, &c.,
WM. TURNBULL.

John Douglas, Esq.

Quoted as near £4 per acre as possible.—D.

APPENDIX A 28.

DEAR SIR,—

Mount Royal, Palmerston, Otago, New Zealand, 13th May, 1893.

I have yours of 11th instant, and carefully note contents. I would prefer selling the whole Pomahaka Downs property in a lump, but would not object to sell 1,600 acres if a decent price could be obtained—say Block XIV., including Burning Plains. In it I have fully 2,200 acres, but some of the sections adjoining Block XIII. could be kept out to make the quantity wanted; or the sections between the present settlement and Mr. Gibson's, to the extent required, I would sell.

If any of these blocks would suit, and I knew the terms wanted, I would try and meet your buyer as regards price. I would like as near £4 per acre, but might make a concession to a suitable purchaser.

I am going to Dunedin on Monday, and will send you map of the property, as well as of the settlement portion, meantime.

William Turnbull, Esq.

I am, &c.,
JOHN DOUGLAS.

APPENDIX A 29.

MEMORANDUM.

From W. Turnbull, Clinton.—To John Douglas, Esq., Mount Royal, Palmerston.

DEAR SIR,—

26th June, 1893.

In answer to yours of the 23rd instant, I regret to say that the young man who wanted to purchase a portion of Pomahaka Downs thought the price too high, and has left this district, I think, for the North.

There has been no word from the English gentleman up to date; when there is, I shall immediately acquaint you.

I am, &c.,
WM. TURNBULL.

APPENDIX A 30.

DEAR SIR,—

Mount Royal, Palmerston Otago, 29th June, 1893.

Many thanks for yours of the 26th. I wish I had known your buyer's views of value of the land for my guidance. I met Mr. D. Murray in Dunedin at the Agricultural Conference. We were speaking about the land. He said he knew it well, but would not have liked to give more than £3 per acre for the lot. That is, assuming he was in a position to buy.

Messrs. Wright, Stephenson, and Co. say their Gore agents have been selling a lot of land. I said I would give them a map, and get their views, but was not anxious to push meantime, until we learned whether your Home buyer turned up.

William Turnbull, Esq.

Yours faithfully,
JOHN DOUGLAS.

APPENDIX A 31.

DEAR SIR,—

Mount Royal, Palmerston, Otago, 29th June, 1893.

Would you kindly say whether the party whom you wrote about, respecting part of my Pomahaka land, made any definite offer. In the event of the gentleman from Home that you expected as a buyer not turning up in July, the time you expected his return, it might be well to try the Government; but to secure success in that direction the district would require to indicate by petition their views that this was desirable, and really wanted in the interests of the public.

William Turnbull, Esq.

Yours, &c.
JOHN DOUGLAS.

APPENDIX A 32.

MEMORANDUM.

From W. Turnbull, Clinton.—To John Douglas, Esq., Mount Royal, Palmerston.

SIR,—

17th July, 1893.

I postponed answering yours of 29th June, expecting to hear something of the English capitalist, but there is still no word from him. I saw his friend (Mr. Roseveare) yesterday, and he

tells me that two of his letters are still unanswered, and there has been plenty time for a reply, so I am afraid we will see no more of him.

The last buyer for 1,000 acres thought £3 an acre was as much as it was worth to him.

I am, &c.,

WM. TURNBULL.

APPENDIX A 33.

DEAR SIR,—

Mount Royal, Palmerston, Otago, N.Z., 26th July, 1893.

I have to thank you for yours of 17th instant, and note contents. Seeing Roseveare has not yet heard from the Home capitalist, I think of letting the people have an opportunity of securing this land through the Government, who would give buyers time to pay, charging, I think, only 4 per cent. per annum. But, to bring the Government to the scratch, a petition would be necessary to save delay.

I enclose a draft. Kindly give it your consideration, filling in the blanks as regards distances, and making any other alteration you may deem necessary. Upon your returning it I would then have the draft petition copied—say one for yourself, one for Mr. Dunn, Balclutha. Would one be necessary for Kaihiku, Waipahi, or any other quarter?

Yours, &c.,

William Turnbull, Esq.

JOHN DOUGLAS.

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