

*Mr. Kelly* : I leave it in your hands whether you consider it will meet the case or not. It is as follows : " After hearing Mr. McKerrow's statement (while still of the opinion that the land is comparatively valueless for settlement purposes), I am satisfied that the Land Purchase Board purchased the estate after careful consideration, and that no undue influence was brought to bear upon the department.—J. W. KELLY." I would have made the statement last day only I had an engagement and could not wait a minute longer. I am perfectly satisfied, after hearing Mr. McKerrow's statement, to exonerate him and the department from any undue influence whatever.

*Mr. Ward* : I assume, in view of the information he (Mr. Kelly) has heard from Mr. McKerrow, that the reflections publicly made in Invercargill are withdrawn also.

*Mr. Kelly* : I have made a statement, and I say nothing further than what is down there. I have withdrawn all I have said with regard to the department. Anything, of course, in the statement between Mr. Ward and myself the Committee has nothing to do with. That is entirely a private matter.

*Mr. Ward* : It is certainly not a private matter ; it is a statement publicly made, and in consequence of that statement I proposed to set up this Committee in the first instance, and I think, in the absence of a complete withdrawal, in fairness I should be allowed to call evidence, and I ask the Committee to accede to my request. The imputations in the first instance were made against myself ; and, in making them against me, the department was brought in. The department has been relieved from all imputations, because the evidence showed the utter want of truth in the charges ; and, in relieving the department, I should expect manly courtesy would have shown Mr. Kelly the propriety of doing the right thing. I am entitled to ask Mr. Kelly to withdraw them, and if he may elect to refuse then surely I have the right to call evidence on the affirmative side which will completely refute his innuendoes. This I am prepared to do. I am quite prepared to call the following witnesses in justification of my position : Mr. John Turnbull ; Mr. R. J. Cuthbertson, the former owner of the estate ; Mr. Batger ; Mr. Menzies, the other partner ; Mr. Henderson, whose name has been introduced into the matter ; each of the Land Purchase Commissioners, together with the Commissioner of Crown Lands at Invercargill, who, I understand, was one of those who purchased the estate ; and Mr. Sproull, who valued the estate ; also Mr. Kinross, the other member of the Waste Lands Board, who had something to do with the matter. I propose to ask the Committee to allow me to call them in order to clear up an unwarranted, unjust, and unfair imputation which was made publicly by Mr. Kelly, and which, so far as I am concerned, is absolutely undeserved. I wish this done to ascertain the circumstances under which the estate was purchased. Every one of those men must have a complete knowledge of whatever part they performed in connection with it. I have never taken any part in connection with it, either directly or indirectly, whatever. In fairness to myself the Committee should make a full investigation, and give me the right to call the whole of these witnesses, and, if necessary, others, in order to have the whole of this matter fully cleared up. I think it is a fair thing to do, and what any man would ask for in my position. Mr. McKerrow's evidence has cleared up any imputation that could exist against him, and indirectly his evidence exonerates me ; but strong innuendoes have been made, and, as a matter of fact, I am quite within my bounds in asking that the evidence of the whole of the principal parties concerned should be taken.

*Mr. Kelly* : I have nothing further to add. I leave the matter entirely in your hands. I have made all the reparation I could to the department ; and, having Mr. McKerrow's statement, I do not wish to put the country to the expense of calling all the witnesses.

*Hon. Mr. Rolleston* : The Committee should be clear as to what is to be inquired into.

*The Chairman* : What is the principal statement or innuendo Mr. Kelly has made ?

*Mr. Ward* : I should ask the Committee to read the statement Mr. Kelly made here when the Committee first met. You will remember Mr. Kelly was asked to formulate his charges. He did so, and they were to my recollection as follows : That this land was valueless ; undue influence was used in connection with the purchase of it ; that a relative of mine was a partner of one of the people who owned the estate ; and, but for the fact of Mr. Batger being one of the principals concerned in this estate, it would not have been purchased. Mr. Kelly went on to say that the same Mr. Batger was the gentleman who made the offer to the Court at Dunedin to purchase my private estate a few months previously. Mr. Kelly made that statement here in Committee, and I asked Mr. Kelly this morning, as the evidence of Mr. McKerrow completely disproved his contention, if in unreservedly withdrawing the imputations against the Land Purchase Department he was also withdrawing those he had publicly made against me, and he replied that, beyond the statement he put in, he was not prepared to go any further. All I ask now is either that these witnesses come forward and prove there were grounds for Mr. Kelly's innuendoes, and give me an opportunity of disproving what he said in the first instance. He has made gross and unwarrantable charges of corruption. Surely he should either prove them or withdraw them, or I should be allowed to call witnesses with the object of having the full facts placed before the Committee.

*Mr. Wason* : I do not remember Mr. Kelly saying that.

*Mr. Ward* : Most assuredly he did.

*Hon. Mr. J. McKenzie* : It was partly said at Invercargill.

*Hon. Mr. Rolleston* : What he said in this room is what we have to deal with.

*Mr. Ward* : Certainly, let his statement, made in this room the first day the Committee met, be the base then.

*The Chairman* : I will read what Mr. Kelly said (reading from the report of Mr. Kelly's statement before the Committee on the 3rd August) : " I considered the property was an absolutely useless one for the purpose of close settlement. That being so, I did not believe its purchase would ever have been considered unless there were influence brought to bear upon it. We had to take the fact that Mr. Batger let his own portion of land to a brother-in-law neighbour—"

*Mr. Kelly* : I did not mention about Batger letting his land to anybody. It is quite wrong.