

and stocking of their valuable estates in the district lying between Invercargill and the Mataura River. At one of their farms they had not less than 4,000 acres of land fenced and under cultivation. In this work many thousand pounds had been wasted, owing to the want of ordinary means of transit. The most disheartening accounts were current of the difficulties the "Companies" had had to contend with; and it is feared they will be driven—if not to abandon—at least greatly to contract their agricultural operations. They had at their disposal, for investment in New Zealand, British capital to the amount of nearly £2,000,000. They had already invested largely in Southland. It was impossible in such a case not to take a great interest in the welfare of the Province, and the duties which the Legislature had imposed upon me to settle the Southland debts rendered it moreover my business to call the attention of the General Government to the exigencies of the Province. It seemed to me that the value of the estate which the Government held in trust would not be diminished by setting aside a part of it for completing the Winton Railway and for constructing a railway between Invercargill and the Mataura. Both lines are trunk lines. The railway to the Mataura would be a great aid to the Province of Otago, by giving a ready and by much the cheapest outlet to the Hundreds on the eastern side of the Mataura; while to the Companies' Farms and the settlers in the neighbourhood of the line, it would at once be the means of making their undertakings profitable. I also thought if Waste Lands were taken in payment for the execution of the works and the Government could be assured that the cost would not exceed one acre for every pound cash the works were estimated to cost, that it would be well to encourage the Provincial Government to undertake them. And I reasoned thus:—The proceeds from land sales ought not to be treated as ordinary revenue. They should be strictly devoted to the improvement and settlement of the country. It was, therefore, a legitimate proceeding to pay for public works in land, seeing that without these works no Waste Lands of the Province were likely to be sold. The increased value given to the land would more than make up for the diminution of the acreage of the estate. Those who purchased waste lands could not allow them to lie waste. It would be their interest to bring settlers into the district. Besides the expenditure of hard cash on the public works there would be a number of industrious workmen left to settle in the Province, and instead of the land there would be its representative in the shape of most useful public works. Yet not in lieu of the land, for the land would still remain; but instead of lying in idle waste would be in the hands of colonists anxious to increase the population and the productive powers of the Province. Without population the land is worthless except to the runholder, and for him it would be best that he should have good roads. If this valuable estate were in the hands of capitalists they would do what I advise to be done. In their case the land sold would be a loss of territory, but in the case of the Province it is idle to treat it as a loss. The land remains to the Province, and the increase of revenue of customs and other public receipts would enable the Province to bear with ease the burden of the interest and sinking fund of the debt for which the General Government now holds the Waste Lands of the Province in trust.

Dr. Knight.
Continued.

WEDNESDAY, 21ST AUGUST, 1867.

W. Rolleston, Esq., called in and examined.

24. *Hon. Mr. Holmes.*] How would you describe yourself?—I am Under Secretary in the Native Department. *W. Rolleston, Esq.*

25. Have you had any opportunity of observing the effects arising from the alienation of Crown Lands in payment of public works; if you have, will you state, for the information of the Committee, whether you were in any official position at the time, and at what place?—I was Provincial Secretary of Canterbury for about two years, until the month of June, 1865, and have had such opportunities during that time. *21st August, 1867.*

26. Be so good as to state to the Committee, in a concise form, the regulations affecting the disposal of these lands, both as regards ordinary public works and also railways?—The Waste Lands Regulations evidently do not contemplate paying for large public works with the Waste Lands of the Crown. They carefully avoid the appropriation of land for any such purpose, to any greater extent than 1000 acres, without a special vote of the Provincial Council. The Regulations also provide that a special piece of land shall be set apart for any special work, and reserved for that purpose by the Superintendent previous to the work being entered upon.

27. Are you of opinion that, with reference to the former, full value is received for the lands alienated?—The Regulations provide that it is only upon a certificate that full value has been received that payment should be made; but, as a matter of practice, it is generally understood that the land goes at a depreciated value.

28. Can you state the ordinary amount of depreciation, if any, of such land orders?—I have been informed that the land orders are to be purchased at ten per cent. below the original value of the land. My informant was Mr. Stevens, of Canterbury.

29. Do the Waste Land Boards practically exercise any control over the due performance of such contracts?—I never heard of any instance of any control being exercised by the Waste Land Boards.

30. Can you give the Committee any information about the contract for the Great Southern Railway of Canterbury?—The contract for the Great Southern Railway was for the completion of thirty-three and a-half miles between Christchurch and Rakaia, for a sum of £210,000, payable in monthly instalments, in the following manner; viz., one-half cash, one-fourth in Provincial Government Debentures, six per cent., taken at ninety, and one-fourth in land at £2 per acre. The payment is made upon the basis of the sum total of £210,000, on an estimate agreed upon between the Contractors and the Engineer of the value of the work done. I was a member of the Provincial Government when the contract was entered into. It was understood at the time that about five per cent. on the contract would be the depreciation. The sum total of the contract was larger by £10,000 than it would otherwise have been.