

12. Was it necessary, in the interest of the settlement, to select a purchaser that would carry out the intention of the Government in regard to the disposal of the stores to the settlers, and the non-sale of spirituous liquor?—It was very necessary, in the disposal of the store, to secure a purchaser who would conduct business upon a respectable footing; and I made conditions, outside the offer of Mr. Dolphin, to secure the settlers from the sale of spirituous liquors, well knowing that many of them would, in all probability, relapse into old and vicious habits if temptation was thrown in their way.

13. Was there anything else besides the building and stores included in the sale to Mr. Dolphin?—Nothing, except an implied permission to occupy one acre of the reserve.

14. It has been stated that a horse, dray, and harness, belonging to the Government, was sold to Mr. Dolphin under the cost price, while at the same time other persons would have given a higher price for it. Was that the case?—The statement, like others of the same character, is a deliberate falsehood; the books show it to be so. No person but Mr. Dolphin would have given the price. The Government has not lost one shilling by either stock or implements sold at Karamea. The only loss has occurred where I was compelled to send a few articles back to Nelson, and take for them an abatement upon cost price. The only article which now occurs to me as having been thus sent back was a chaff-cutter bought from Buxton and Co., and returned after using it.

15. What arrangements were made by the Government with Messrs. N. Edwards and Co. to run a steamer regularly to the settlement?—At first, N. Edwards and Co. required a guarantee of £100 for every vessel that visited Karamea, freight at the same rate as between Nelson and Westport; afterwards, when it was found that the freight could not reach that sum, an agreement was made that a steamer would call at any time for a subsidy of £25—freight at Westport rates—Government to give notice when a steamer was required, and whenever any freight offered notice was given.

16. Has such arrangement been adhered to; if not, please explain the cause that led to a departure?—Some delay occurred occasionally, owing to bad weather or causes connected with other engagements of the steamers.

17. When did the last subsidized boat call, and has there been one since; if so, did it come under private arrangement?—The last steamer subsidized by Government visited the settlement in April. This month a steamer visited the settlement under subsidy from the Buller County Council, but goods for Mr. Dolphin were refused by her.

18. What understanding was there with the settlers respecting the prices to be charged for stores in excess of the original cost, and has it been adhered to?—For the first six months the settlement was conducted upon the basis of regulations issued by the Provincial Government. The regulations were signed by myself, and issued so as to supersede regulations issued previously. Since that time the understanding with the settlers, and the wish of the Provincial Government, was, that a price should be charged sufficient to cover the cost of goods, freights, store-keeping, and all other charges incidental thereto. That has been adhered to, the articles of common use being frequently sold at a loss, but the loss being made up in the sale of other things. For instance, in the sale of meat the price was uniformly kept at 5d. and 6d. per lb., but it often happened that, with first cost, losses, freight, and other expenses, the meat really stood in double that sum, still no higher charge was made. The adjustment of prices was generally left to the overseer, who had previously been a storekeeper, and the Government storekeeper, who also had some experience in that line. It sometimes happened that, upon my attention being drawn to some item, I instructed the storekeeper to make a reduction. A price-list was by my instructions kept suspended in the public portion of the store.

19. Did you promise that the settlers should be supplied with rations till the end of September?—On the contrary, I called a meeting of the settlers on the 14th and 15th of last February, and informed them that the balance of the money available for expenditure at Karamea would not do more than supply them with bare necessities until about September next (the present month); that the Government store was for sale, and would in all probability soon be closed; and, in fact, going exactly into their position, according to my own instructions. I wound up by recommending the settlers who had grown-up sons to send them away to earn some money, and also recommended those who had made a bad use of their time and opportunities to leave the settlement, as henceforth it would be no place for them. I also gave notice that, as the money available was so small, I would be compelled to limit employment to heads of families.

20. Were the settlers supplied with a stock of provisions before the store was sold?—Previous to the store being sold all the settlers received a large stock of provisions, as the books show. In most instances the stock then received lasted three months, and in some in excess of that time.

21. Was there anything in the arrangement for supplying the settlers with stores that would prevent the Government from closing the store at any time?—I consider that, as the Government kept the only store at Karamea, there existed a moral obligation resting upon them to see, before closing their store, that the people had fair notice, so that they could provide themselves with necessities elsewhere. Beyond that there was no obligation that I am aware of.

22. Were the settlers justified in supposing that they were entitled to receive the stores brought to the place at the expense of the Government at the same price after the store was sold to a private person as heretofore?—Certainly not. The Government sold their stores, the settlers having nothing whatever to do with them. But an obligation under an arrangement with myself existed binding Dolphin to sell at reasonable prices, which he did. He submitted the prices of provisions to me previous to commencing business, and on the part of the Government I approved of them. His price-list was almost identical with the Government price-list. If he has done anything wrong in respect to the prices the blame is mine, as I consented to his price-list, which appeared to me extremely liberal, and to my knowledge much less in leading articles than ordinary Westport prices.

23. Please explain concerning a rata tree said to have been cleared off your land at Government expense?—On the main road through the island, at Karamea, a settler, named W. Harry, took a contract to clear about seven chains of road, at a stipulated price per chain, an allowance being made him of £2 10s. or £3 in consideration of his felling and burning off a large rata tree which stood about