

what took place, but I have no doubt that Mr. A. E. Rhodes consulted me, as he states he did, as to the Auckland land-orders he proposed to use, though I cannot call to mind if the point was raised whether he could exercise more than £500 worth or not. It was at a time when there was great press of work, owing to the large land-sales going on; but of this I am quite sure, that if I told him the Auckland scrip could be used, it was in consequence of having on my mind the previous instructions received from the Under-Secretary for Crown Lands, with reference to the purchase of the Ellesmere lands with Auckland scrip, dated the 2nd December, 1889, which stated that, 'By the recent decision of the Court of Appeal the scrip is exercisable for the full amount stated therein;' and his subsequent one of the 19th, in reply to the Receiver's of the 18th of the same month, asking definitely if it was to be taken, notwithstanding subsection (2) of section 3 of 'The New Zealand State Forests Act Amendment Act, 1888;' in which the Receiver is informed that 'having in view the decision of the Court of Appeal, Government agreed not to offer any obstacle to exercise of scrip to the full value in acquiring Ellesmere lands.' Commissioner was informed in my memorandum of the 2nd December, No. 873.

"I see, however, by a subsequent memorandum dated the 19th June, 1890, on a question relative to a Mr. Wason's claims, I was told, in reference to the decision in the Auckland case, *Paterson and Fairlie v. Humphries*, that the case in question has practically decided there is no limit of area or value under land-orders issued under 'The Forest Trees Planting Encouragement Act, 1872,' except as to value when received beyond the provincial district in which the plantation was made, under the Amending Act of 1888.

"This subsequent ruling was, on a case in which Auckland scrip was not concerned in any way, and it must have escaped both my own and the Receiver's memory, or I am quite sure I should not have told Mr. Rhodes the Auckland scrip would be received, and the Receiver would not have accepted it beyond £500 without calling the attention of the Under-Secretary for Crown Lands to the proposed transaction, and getting definite instructions, as had been previously done in connection with the Lake Ellesmere lands.

"JOHN H. BAKER,

"Commissioner of Crown Lands."

"The Under Secretary for Crown Lands, Wellington.

The Hon. J. B. Whyte examined.

*The Hon. J. B. Whyte*: Before I say anything, I should like you, Mr. Chairman, to get from Mr. O'Hara Smith the various amounts of the land-orders which exceed £500 in value, and which were used in the Ellesmere purchase.

*Mr. O'Hara Smith*: The amounts are here in the book, but it is difficult to pick them out from the residue orders. I can get them for the Committee by to-morrow.

*Hon. J. B. Whyte*: My object in asking for them is this: that I know there is an impression abroad that £3,300 worth were exercised where only £500 worth could be legally exercised; whereas the amount used outside the £500 limit was comparatively small. That is my reason for asking for the amounts. I desire to say that I became connected with this scrip business because it so happened that near the end of 1888 I was a purchaser of Government land myself, and I saw an advertisement in the papers offering some land-scrip for sale, and I therefore became a buyer of scrip to use myself. When, however, it became known in Auckland that I was a buyer, I was offered a large quantity at a moderate discount, and, thought, having a good deal of leisure time on my hands, with my knowledge of the colony, and the people in it, that I could go into this and make a reasonable profit out of it. This is how I got into the affair. Coming, then, to the business in hand—namely, the manner in which scrip was exercised in Canterbury—my connection with that was simply this: These land-orders passed through my hands from the original receivers of them to those who exercised them in the purchase of land, I making a very moderate profit indeed out of them. I mention this, because there is an idea that I made enormous profits out of them. I might disabuse the minds of the Committee of that idea by saying that for the great bulk of these land-orders I paid 90 per cent. of their face-value; for some, 95 per cent. of their face-value, and in a small proportion of cases I got them cheaper; and when one considers that this occupied a great deal of my time spread over two years, and that I had to travel from one end of the colony to the other to conduct it, I think it will be generally admitted that the profit, after paying commissions, exchanges, and travelling-expenses was not very great. As regards the matters now before the Committee, there are only two points at issue. The first is the question of the £500 limit, and the second, the acceptance of scrip for Ellesmere lands. Now, upon the first question, I may say that Mr. G. F. Richardson, backed up by the Lands Department, had always fought this question tooth-and-nail. He objected to land-orders beyond £500 in amount being used in any part of the colony at all, and only gave in when the Court of Appeal gave the case against him. Then, afterwards, the question came up as to whether he would stand upon that part of the law which prevents the exercise of any land-order of a value exceeding £500 outside the provincial district in which it was issued, and on that point, too, he seemed reluctant to give way: but after consultation with some of his colleagues he did give way, as far as I know, for the reason that it could make no difference to the Land Fund whether they were exercised inside of the provincial district or outside of it, for the cause of this limitation had been done away with, the Land Fund having ceased to be provincial revenue.

*Hon. Mr. Seddon*: There were no provinces in 1888.

*Hon. J. B. Whyte*: I used the word "cause" advisedly, not reason, because this was not the reason of it, but only the outcome of mixed up legislation in 1871-72, 1885, and 1888. The next point at issue is the acceptance of land-orders in the purchase of the Ellesmere lands. That came about in this way: I was in Auckland, and I saw in the *Gazette* advertisements, inserted several times under the usual heading of "Crown Lands," saying that certain Crown lands at Ellesmere would be offered for