

MINUTES OF EVIDENCE.

WEDNESDAY, 3RD AUGUST.—Mr. R. THOMPSON in the Chair.

Question of Purchase of the Otahu Estate.

Mr. J. W. KELLY, M.H.R., having been called upon by the Chairman to state definitely the charges he was making in regard to the purchase of the Otahu Estate under the Land for Settlements Act, said,—

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 influences brought to bear upon it. We had to take the fact that Mr. Batger was the gentleman who offered to purchase debts due by the member for Awarua to the Colonial Bank. A short time after this offer the estate was purchased by the Land Purchase Board. Now, I left it at that; and I clearly said, also, that while it was quite probable that no evidence could be found to establish the connecting-link between the two things we probably in the near future would see the revelations. There is the whole statement so far as Mr. Ward is concerned. There was no direct charge. I admit it was an insinuation I put forward.

Mr. McKerrow (to the Chairman): He referred to influences brought to bear. Does he mean on the Land for Settlements Board? Because the Land Purchase Board has entirely to do with these purchases: the Government only approves or disapproves of the recommendation of the Board. The Board is the only party that has to do with the purchase of estates; the Government has nothing whatever to do with it. The Board would not allow the Government to interfere.

Mr. Kelly: We all know perfectly well that in communicating with Ministers, if we want anything done and do not want the letter to become an ordinary part of the departmental correspondence, such correspondence is marked "Private and confidential." I do not say that any communication was sent to the Land Purchase Board at all. My statement was—and is now—that this property was an absolutely useless one to purchase for the purpose of subdivision for closer settlement. This was my principal charge against the Land Purchase Department, but I made no insinuation against Mr. McKerrow personally.

Mr. McKerrow: You may not have intended to make any charge against myself and the Land Purchase Board, but in effect you have, because it is that Board that buys the estate, and no interference with it would be tolerated.

Mr. Kelly: I did not intend to make any insinuation against you.

Mr. McKerrow: It is not an insinuation; it is a direct charge.

Hon. Mr. J. McKenzie proceeded to quote an extract from the *Southland Times*, dated 22nd June last, from a speech delivered in the Theatre Royal, Invercargill, in reference to the Otahu Estate. The quotation ran: "If Mr. McKerrow did of his own free-will recommend the purchase for subdivision at £1 5s. per acre, it was the best possible argument for saying that the time had arrived when he should be relieved of his duties, as this act can itself prove that he was not possessed of the intimate knowledge of land for settlement which was absolutely necessary for one in his position as Chairman of the Land Purchase Board."

Mr. Kelly: I never read the report of the speech, so I cannot tell what it is like. [On reading it over, however, Mr. Kelly declared it to be quite correct.]

Hon. J. G. WARD stated,—

There are one or two matters in Mr. Kelly's statement that during the course of investigation I consider, as a matter of fairness to myself, I may be allowed to call witnesses upon. One point is the direct reference to undue influence which he has insinuated was apparently worked by me. Mr. Kelly has referred to the connection of Mr. Batger for the offer made for the estate of J. G. Ward to the Colonial Bank liquidators. Now, as that is intended by him to be a connecting-link to show that I had something to gain by the sale of the Otahu Estate, I wish to state emphatically that I was not, directly nor indirectly, nor was any relative of mine, concerned in the sale of the Otahu Estate, nor of its proceeds. I sincerely hope the Committee will permit me to call witnesses on that point, because I consider it a right due to me. Regarding the offer referred to by Mr. Kelly which was made in the name of Mr. Batger for my estate, I wish to say he was not interested in connection with the finance to the extent of a sixpence for that offer.

The Chairman (interrupting): I do not think anything in this inquiry should interfere with private estate at all.

Mr. Kelly: I said plainly that while there might not be the slightest evidence to establish a connecting-link—

Hon. Mr. J. McKenzie: Mr. Kelly has brought up Mr. Batger's connection.

Mr. Ward: A private syndicate of my friends—some of them politically opposed to me—made the offer for my estate. They did not wish their names to appear, and Batger was asked on behalf of that private syndicate to allow the offer to be made in his name on their behalf. He was not one of the syndicate, and there was no relation of mine in it or connected with it. Batger was simply the name that appeared on behalf of the syndicate for the offer of the business. He was not interested in it to the extent of a sixpence, nor were any relations of mine interested or connected with that offer.

Mr. Kelly: I am prepared to accept that statement.

The Chairman: I think, Mr. Kelly, after what has been stated now, you should withdraw anything in connection with Mr. Ward's private affairs at all.