

*Mr. Kelly*: I never insinuated that Mr. Henderson or Mr. Batger had any direct interest in making an offer.

*Mr. Ward*: I should like witnesses to be called so as to show that it was absolutely without foundation.

At this stage the Hon. Mr. J. McKenzie handed in the correspondence in connection with the business in question, Mr. Kelly being assured that the whole of it was included.

Mr. J. McKERROW, Chairman of the Board of Land Purchase Commissioners, sworn, stated,—

In November, 1896, Messrs. McNab and Watson, solicitors, Invercargill, addressed a letter to me as Chairman of the Land Purchase Board, offering to sell, on behalf of Messrs. Menzies and Batger, the estate of Otahu, containing 6,050 acres, the price to be £1 7s. 6d. per acre. In the February following I went down to Southland, and, in company with David Barron, the Commissioner of Crown Lands and a member of the Land Purchase Board, visited the estate, went over it carefully, and concluded that it was a very suitable estate for subdivision for settlement—more especially as it was simply an extension of the Merrivale Estate, which had been purchased by the department three years previously, and which was all settled; and, further, that the adjacent Crown lands of a similar nature were also settled. We considered that it was very desirable, seeing that settlement was inaugurated in that district, to extend it, so as to get the community of a sufficient size to establish dairy factories, to get the advantage of good schools, and the other advantages of civilisation; the district being somewhat outlying, as there was a distance of from twenty to twenty-five miles to the Otautau Railway-station, although connected by a good road for the greater part of the way. Having resolved as I have already stated, I then made an inquiry of the Superintendent Valuer, Mr. Carswell, as to a reliable person to value the estate, it being a requirement of the Land for Settlements Act that the Board should get valuation by an expert. He recommended several gentlemen, from whom I selected, after consideration, a Mr. Sproull, whom I did not know, and whom I have never seen. But he was well recommended, and I instructed the Commissioner of Crown Lands to employ him to value the estate. That was done. Mr. Sproull's report came to me in April. The Board then met, and on the reading of the report, and receiving the testimony of Mr. Barron, of Mr. Kinross (Mr. Kinross having previously visited the estate and inspected it), and my own testimony, the Board, consisting at this sitting of the gentlemen I have named—myself as Chairman, Mr. David Barron, Mr. Kinross, and Mr. Percy Smith, Surveyor-General—recommended the Government to purchase this estate at £1 5s. per acre. That is the sole statement, as far as I can remember, of all that need be stated to the Committee as regards the negotiation over and the purchase of the estate.

[Mr. McKerrow concluded his statement by reading and afterwards handing in the following exhibits: (1) Messrs. McNab and Watson's report on the Otahu Estate; (2) report of Mr. Sproull, the valuer; (3) report of the Board; (4) formal general report. He also stated that the land in question had recently been valued by the Land-tax Department at £8,659, whereas the Board had paid for it £7,555, or £1,105 below that figure.]

1. *Hon. Mr. J. McKenzie* (to witness).] You visited the estate personally before you recommended the purchase?—Yes.

2. You were satisfied with making that recommendation after you had visited it?—Yes.

3. Have I ever in any way asked you in any shape or form to purchase this estate?—I do not think you knew anything at all about it, because, as I have already read, Messrs. McNab and Watson addressed their letter to me. You are very frequently out of town, and so am I, and in our going to and fro it sometimes happens that we do not see each other often for a long time; and, moreover, the working of this matter I may say is left entirely to myself. I do not inform the Minister, as a matter of course, of all offers made. I did not go down specially to inspect the Otahu Estate. We had had several offers, and I said to the Minister, "There are offers of several estates down in Southland." Mr. McKenzie said to me, "I don't think you need be in any hurry about the purchase of those estates. Former purchases South have not gone off readily. We have Crown land yet, and need not care much about these offers for purchase." I went down, however, and saw, besides this, five other estates. They were all recommended to the Government, four were approved, and two held over to await results of others.

4. *Hon. Mr. Rolleston*.] There is one point in these reports which I would like to ask about, and that is as to the output, so to speak. Can you form an estimate of the estate's value—in the way of saying how many bales of wool or how many sheep it would carry?—It carried fully three thousand sheep during the two years before we purchased.

5. A sheep to 2 acres?—Yes, and carry some cattle besides.

6. What class of sheep?—Cross-bred.

7. And in good condition?—Yes, they were looking fairly well, I thought.

8. Is not this country under snow sometimes?—Never. The 4,000 acres is from 150 ft. to 200 ft. above the sea. It has really a beautiful climate, and this Waiau Valley is one of the finest in the colony.

9. Is the soil the detritus of lime?—Yes, it is the detritus of lime and partly shingle. There is limestone on the Merrivale Estate.

10. What was the price offered for Merrivale?—£2 10s. all round. Some of it was worth from £5 to £6, I suppose. There was a portion of it cultivated. You remember the Orawea River near Mr. Ellis's, between that river and the limestone cliffs there is a very good piece of land. But there is also a considerable portion of shingle-plain in Merrivale.

11. Suppose you were told it would carry two sheep to the acre, what would you value it at?—We formed our opinion what it was worth before, and we fixed it at £1 5s. simply because it was carrying one sheep to the 2 acres—good cross-bred sheep—which just brings it to £1 5s. The stock returns are rather under. They are, as a rule, very safe to go by, because nobody