

26. Are you not aware from observation yourself—from what you have seen—at Merrivale and Otahu that the former is far better?—Yes, there is better land in Merrivale than Otahu, but in Otahu, along the ridges, there is marsh ground, good land, but the land between the road and towards the river is more shingle. I may remark this: there are some 1,500 acres of Merrivale of just the same character of shingle land.

27. Yes, that is so. Who classified the land?—It would be the Land Board, under the advice of the Commissioner of Crown Lands.

28. I think, in reading Mr. Sproull's report he reported that there were not a great many rabbits?—I can refer to his report if you like. When we were there we saw evidence of them in the shape of their holes, but we saw very little of the rabbits themselves.

29. I think you also read from Mr. Sproull's report that the land in the district was valued at from £1 5s. to £1 10s. an acre?—That was the terrace land.

30. But are you aware that, as far as the Government land is concerned, there has been a tremendous agitation among the settlers for a reduction in rents?—I think I noticed in the newspapers something of the sort.

*Hon. Mr. J. McKenzie*: That is always the case.

31. *Mr. Flatman* (to witness).] But that is the arable land?—Yes, it is the 7,000 acres.

32. *Mr. Kelly*.] Mr. Sproull also said something in his report about the water-wheel there?—Yes.

33. Do you know of your own knowledge if it is correct that this water-wheel was removed?—Yes, that is quite correct.

34. Was it an understood thing between the Government and the settlers?—No; it was this way: The Commissioner of Crown Lands after Batger had given possession found it had been removed. I said he was to put it back. He then replied he thought it movable and that he could take it away, and that rather than replace it he would pay £16—the price of it. I rather resented this action of Mr. Batger's as a piece of sharp practice. I consulted law officers, and found I could compel him to put it back, and so I telegraphed to the Commissioner. I advised him that while I thought the wheel should be replaced, he was to confer with the Crown Solicitor, Mr. Macdonald, and follow his advice, which was to accept the £16.

35. Have you been in the house yourself?—Yes.

36. Mr. Sproull said it was in good repair inside. Did you go through it?—I did not. I thought the house was in very good condition, but the outbuildings were very poor.

37. *Mr. Hogg*.] Do you know how long it is since this land was originally purchased from the Crown?—It must be nearly thirty years. It was Cuthbertson's first, who was a member of the House at one time.

38. Can you tell us what was the price paid then?—I could not say—about £1 an acre, I think.

39. *Mr. Ward*.] While I was in the Ministry, or since I left the Ministry, did I at any time ever speak to you concerning the purchase of any estate, either Otahu or anywhere else in the colony?—No, you never did.

40. Did I ever communicate with you in any form, orally or in writing, concerning any estate?—In no form at all.

41. *Hon. Mr. Rolleston*.] I think I understood you to say there were three or four estates that you recommended in the Southland District?—Yes.

42. Were they absolute recommendations or alternative recommendations—that the Government could take one or other if they chose?—That is always the case. Government has the power to say, Yes or No. We put the same recommendation on every one—that we recommend the Government to purchase all these estates.

43. You did not state so?—We recommended the Government to purchase them all, because they were all small estates. The Government authorised immediate offers for four of them, but the price for two was not up to the sellers' expectation. For two the decision was, Stand over until we see how the others go off.

44. Of course, I am only dealing with the Board: the Board makes its recommendation and it has done with it. What I wanted to get out was this: In these reports there is no expression of opinion from the Board as to whether the district is one in which land could be bought; and in this case, supposing half a dozen applications come in, would you recommend them all, if you thought one was enough?—No, certainly not. We do not simply take into account the nature of the land only, but all the surrounding circumstances affecting the land for settlement, the demand for it, and everything else we can think of.

TUESDAY, 9TH AUGUST, 1898.

*The Chairman*: The Committee wishes Mr. Kelly to either make a statement or withdraw the charges he has made before the Committee decides to call further evidence. I have notified Mr. Kelly, and he is here; and I understand is prepared to make a statement.

*Hon. Mr. Rolleston*: This arose out of the question of calling for further witnesses. The Committee has decided to do this upon the circumstances under which the purchase was made. The general action we can express an opinion upon from what we have heard, and upon the disposal since its purchase.

*Hon. Mr. J. McKenzie*: We can give you all that.

*The Chairman*: The best thing is to hear Mr. Kelly's statement, and the Committee can decide afterwards.