

from Mr C. E Major, M.H.R., of Hawera, in reference to Mr A. Bayly's property at Toko, and suggesting that it would not be out of place to have the property in question inspected with a possible view of its acquisition by the Government. I have replied to Mr Major that I would mention the matter to you.—R. J SEDDON "

29 What happened then?—Mr Barron reported to the Premier on the 6th July

30 Just indicate briefly the report and value if there is one given?—Mr Barron asked for instructions, and writes, "New Plymouth, 6th July, 1904.—In accordance with your instructions, dated the 16th April last, I inspected the property of Mr Alfred Bayly yesterday. The estate contains 2,028 acres, and is offered to the Government at £12 10s. per acre. The land-tax value is a little under £7 per acre. It is situated on the Toko Road, about three miles from that township and about nine miles from Stratford. The road is good, and metalled up to the boundary, but within the estate it is merely formed. The gradients are fairly available for heavy traffic, but gravel or road-metal is scarce and expensive. The formation is sandstone and papa, with some indications of shell rock. About 900 acres on the bank of the Patea River is level ploughable land, say 770 acres near the homestead and in the Manager's Valley, 100 acres on the Mangahu River, which joins the Patea on the estate, and 30 acres small flats on the river-side. The homestead is occupied by Mr Symes, and there are six other dwellings, with milking-sheds and yards. Five of these dwellings are occupied by tenants, who occupy from 70 to 180 acres each, fenced and in grass. Mr Bayly supplies cows and the house and yards ready for milking, and takes 50 per cent. of the gross results of the sale of the milk, pigs, and calves; the tenant provides a horse, cart, harness, milk-cans, and incidentals. About 1,000 acres are at present let for dairying in this way, and the results to the tenants are said to be fair, but not quite satisfactory. There is a creamery on the roadside about one mile within the estate from the Toko side, but it is not at present in operation, having ceased last month for the winter. Each tenant will probably cultivate a few acres for turnips, and close a hay-paddock for winter food. The winter is said to be cold, subject to heavy fog and frost, although I believe it is warmer than near the mountain at Stratford. Altitude about 200 ft. below Stratford. From inquiries made I think that the present milkers would not be likely to have sufficient capital to take up their present holdings on lease in perpetuity, and it becomes doubtful if the Government should disturb them. If a scheme could be devised for taking over the property as it is, with cows and everything in going order, it would be greatly to the advantage of the lessees to pay 5 per cent. rent on everything instead of 50 per cent. of the gross proceeds. For example, Mr Taylor, who last year milked forty-five cows with the help of his well-grown son and daughters, probably made an average gain to himself of £14 per month for nine months from 180 acres—say, £130 per annum—and pays, say, £130 per annum rent. His rent of a lease in perpetuity would be about the same, but the 180 acres would run eighty cows, which would yield on the same terms £11 per month more for nine months—say, £100 per annum. The eighty cows would be worth £400, and at 10 per cent. interest and sinking fund would give a rent for the stock of £40 per annum, and for land, say, £130 per annum—total rent, £170. Estimate gross proceeds of milk, £450 per annum, leaving £280 per annum to maintain his family, and, should his profits exceed a fair wage, then the balance above that to pay off his stock in addition to the 5 per cent sinking fund. To cut up the estate an additional road would have to be made, which, with loss of area, would cost not less than £1,000; other expenses and survey, say £500 contingencies, £300, or a total of 17s. 9d. per acre. The buildings are worth about £1,450. The land would have to be put in the market by the 1st September when the milking season begins, and, as this is unlikely to be effected this year, because of negotiations, survey, &c., possession should wait until about June, 1905. If Mr Bayly's land can be obtained at a fair price—say £9 per acre—then I think it could be disposed of. It is difficult to say what demand there will be next season for dairy farms, so much depends on the butter-market, but, even if butter did decline, the property at present rates would pay as grazing-farms in larger areas. I shall await your instructions before proceeding with a statutory valuation and further negotiations."

31 The point I want to make is, the land-tax is under £7 per acre?—A little under

32 Do you know who the Mr Symes was who is spoken of as a lessee?—No.

*Mr Major* He is a sawmiller, and is no relation of Mr Walter Symes.

*Mr Ritchie* There is a letter from Mr Bayly, dated 28th July, 1904, to Mr Barron, asking what is to be done about it, and on the 4th August Mr Barron wrote Mr Bayly, "I have the honour to acknowledge the receipt of your letter of the 28th ultimo, forwarding statement of milk supplied, &c., and in reply I have to inform you that the Government has now decided not to proceed further with the negotiations for the purchase of your property." I neglected to say that the long letter I have just read was submitted to Cabinet on the 23rd July, and was initialled in Cabinet on the 31st, "Declined, no further action." Then Mr Arndt was asked by Mr Barron on the 31st August, 1905, "With reference to your offer of Mr Alfred Bayly's estate near Toko, it is found that the price of £12 10s. asked for the property is considerably in excess of its value to the Government. I have therefore to inquire if this is the lowest price Mr Bayly will accept, or if he will take something nearer what the Board believes to be its value. If so, please quote your price, and it will then be considered if further steps should be taken."

33. Does the file show how the matter arose again?—No. There is a small memo. here, but I do not know what it is. I think it is written by a clerk: "A. Bayly Ascertain if owner will reduce price prior to further action Bd.—25/8/05."

34. There is nothing to show how the matter arose again?—No. Then there is the usual instruction form from the Premier to proceed.

35 Does the file show the reference?—I see this is signed on the 30th August by the Premier. There is no letter from Mr Barron to the Prime Minister

36 There must be a number of papers or letters not on the file?—I am not aware of it.