

SESSION II.
1912.
NEW ZEALAND.

LANDS COMMITTEE

(REPORT OF THE) ON PAPER No. 226 C, "DETAILS IN CONNECTION WITH THE PURCHASE AND FENCING OF PART OF RUNANGA No. 1A BLOCK"; TOGETHER WITH MINUTES OF PROCEEDINGS, EVIDENCE, AND APPENDIX.

(MR. E. NEWMAN, CHAIRMAN.)

Report brought up on the 31st October, 1912, and ordered to be printed.

ORDERS OF REFERENCE.

Extracts from the Journals of the House of Representatives.

WEDNESDAY, THE 3RD DAY OF JULY, 1912.

Ordered, "That Standing Order No. 219 be suspended, and that a Committee be appointed, consisting of eleven members, to whom shall stand referred after the first reading all Bills affecting or in any way relating to the lands of the Crown or educational or other public reserves; the Committee to have power to make such amendments therein as they think proper, and to report generally when necessary upon the principles and provisions of the Bill; the Committee to have power to call for persons, papers, and records; three to be a quorum: the Committee to consist of Mr. Anderson, Hon. Mr. Buddo, Mr. Forbes, Mr. Guthrie, Mr. Lang, Mr. E. Newman, Mr. Nosworthy, Mr. T. W. Rhodes, Mr. R. W. Smith, Mr. Witty, and the mover."—(Hon. Mr. T. MACKENZIE.)

TUESDAY, THE 13TH DAY OF AUGUST, 1912.

Ordered, "That the names of Mr. Coates, Mr. MacDonald, Mr. Robertson, Mr. Statham, and the mover be added to the Lands Committee, and that the name of Mr. Lang be omitted."—(Hon. Mr. MASSEY.)

TUESDAY, THE 3RD DAY OF SEPTEMBER, 1912.

Ordered, "That Paper No. 226 C, 'Details in connection with the purchase and Fencing of Part of Runanga No. 1A Block,' be referred to the Lands Committee."—(Hon. Mr. MASSEY.)

TUESDAY, THE 15TH DAY OF OCTOBER, 1912.

Ordered, "That leave be granted the Lands Committee to supply the honourable member for Avon with a copy of the evidence taken before that Committee in connection with Parliamentary Paper No. 226 C, 'Purchase and Fencing Part of Runanga No. 1A Block.'"—(Mr. E. NEWMAN.)

REPORT.

REPORT ON PAPER No. 226 C, "Details in connection with the Purchase and Fencing of Part of Runanga No. 1A Block."

THE Lands Committee, to whom was referred the above parliamentary paper, have the honour to report that during the course of the inquiry they examined the following witnesses:—

J. Strauchon, Under-Secretary for Lands;
H. A. Walshe, Assistant-Surveyor, Lands Department;
W. C. Kensington, I.S.O., late Under-Secretary for Lands;
R. Keene, Land Agent, Wellington;
R. Beere, Solicitor, Wellington;
F. J. Taylor, Settler, Runanga;
T. Ballan, Christchurch; and
A. Patterson, Accountant, Lands Department.

Mr. Russell, M.P., attended a meeting of the Lands Committee, read and put in a written statement, but declined to answer questions or give evidence, on the ground that there was no charge against him.

The Committee, having given the whole matter their careful consideration, decided to formulate certain questions, and set down their answers thereto. The questions and answers are as follows:—

1. Was it desirable that the Government acquire the property?—*Answer*: Yes.
2. Could the land purchased, other than that actually required for roads, be acquired in any other way except by private treaty?—*Answer*: Yes; but it was not advisable to do so,

3. Was the price excessive?—*Answer*: Not under the circumstances.

4. Was Mr. Russell, M.P., responsible for the completion of the sale of this portion of Runanga to the Government?—*Answer*: Yes; by reducing the price from £4, which had been asked by the previous owner, to £2 10s. per acre.

5. Did Mr. Russell, M.P., use undue influence as a member of Parliament to effect the sale?—*Answer*: No.

6. Did Mr. Russell, M.P., conduct the negotiations in his own name?—*Answer*: No; all the negotiations were conducted by him in the name of Thomas Ballin, the previous owner; and Mr. W. C. Kensington, then Under-Secretary for Lands, stated in evidence that he did not recognize Mr. Russell as the owner.

The Committee recommends that the provisions of section 59 of the Land for Settlements Act, 1908, should be extended so as to enable lands acquired not only under paragraph (b) of section 6 of the Lands for Settlements Act, 1908, but also lands acquired under paragraphs (c) and (e) of section 6, to be held under the same tenure as neighbouring Crown lands.

The minutes of evidence and proceedings, correspondence, &c., are attached hereto.

31st October, 1912.

EDWARD NEWMAN,
Chairman.

DETAILS IN CONNECTION WITH THE PURCHASE AND FENCING OF PART RUNANGA No. 1A.

Area acquired, 1,404 acres 2 roods 22 perches. Price £3,510 10s.

Report by Assistant Surveyor H. E. Walshe, who surveyed same, and subdivided Crown land adjoining.

	£	s.	d.
Unimproved value of land acquired as it stands	693	9	0
Additional value to Crown on account of road frontage and access provided to Crown land, also by giving better homestead and yarding sites, 2s. per acre on 19,000 acres ..	1,900	0	0
Extra fencing and road formation saved	948	12	0
Fencing on boundary between land purchased and Crown lands, 416 chains, at 10s. ..	208	0	0
Total	£3,750	1	0
Against this is cost to the Department of fencing one side of road between road and private land, ten miles (this was a condition of purchase, and contract for same was let at £59 14s. per mile)	597	0	0
Had the roadway been taken, and the 1,404 acres 2 roods 22 perches not been purchased, the cost to the Crown would have been—			
Fencing both sides of road, ten miles	1,194	0	0
Value of 80 acres in road	40	0	0
77½ chains access-roads from Waipunga Road to Crown sections, forming and fencing	215	0	0
Total	£1,449	0	0

In addition to this sum there would have been a claim for severance of property.

Department of Lands, Wellington, 29th August, 1912.

MINUTES OF PROCEEDINGS.

THURSDAY, THE 5TH DAY OF SEPTEMBER, 1912.

The Committee met at 11 a.m. pursuant to notice.

Present: Mr. E. Newman (Chairman), Mr. Coates, Mr. Guthrie, Mr. MacDonald, Hon. Mr. Massey, Mr. T. W. Rhodes, Mr. Robertson, Mr. R. W. Smith, Mr. Statham, Mr. Witty.

The order of reference referring Paper 226 C to the Committee was read by the clerk.

Resolved, on the motion of Mr. Guthrie, That a sub-committee consisting of Mr. Coates, Mr. Statham, Mr. Witty, the Chairman (Mr. Newman), and the mover, be set up to consider Paper No. 226 C, "Details in connection with the Purchase and Fencing of Part of Runanga No. 1A Block."

The Committee then adjourned.

THURSDAY, THE 12TH DAY OF SEPTEMBER, 1912.

The sub-committee met at 10 a.m. pursuant to notice.

Present: Mr. E. Newman (Chairman), Mr. Coates, Mr. Guthrie, Mr. Statham, Mr. Witty.

A copy of the notice of meeting sent to Mr. Russell, M.P., and his reply thereto were read by the clerk.

The Under-Secretary for Lands was in attendance.

Harry Edward Walshe, Assistant Surveyor, Lands Department, attended the meeting and gave evidence.

Resolved, on the motion of Mr. Guthrie, That the sub-committee adjourn and report that they are of opinion that the evidence should be given before the full Committee.
The sub-committee then adjourned.

THURSDAY, THE 12TH DAY OF SEPTEMBER, 1912.

The Committee met at 10.30 a.m. pursuant to notice.

Present: Mr. E. Newman (Chairman), Hon. Mr. Buddo, Mr. Coates, Mr. Forbes, Mr. Guthrie, Hon. Mr. Massey, Mr. Nosworthy, Mr. Rhodes, Mr. Robertson, Mr. R. W. Smith, Mr. Statham, Mr. Witty.

The minutes of the previous meeting were read and confirmed.

The Chairman reported the resolution of the sub-committee, "That the sub-committee are of opinion that inquiry should be held before the full Committee."

The Committee resumed consideration of Paper No. 226 C, "Details in connection with the Purchase and Fencing of Part of Runanga No. 1A Block."

The following gentlemen attended the meeting and gave evidence: J. Strauchon, Under-Secretary for Lands; H. A. Walshe, Assistant-Surveyor, Lands Department; R. Keene, land agent, Wellington; R. Beere, solicitor, Wellington.

Messrs. Strauchon and Walshe were recalled and tendered further evidence.

Resolved, That Mr. Ballin be summoned to attend the Committee.

The Committee then adjourned.

WEDNESDAY, THE 18TH DAY OF SEPTEMBER, 1912.

The Committee met at 10.30 a.m. pursuant to notice.

Present: Mr. E. Newman (Chairman), Mr. Anderson, Hon. Mr. Buddo, Mr. Coates, Mr. Forbes, Mr. Guthrie, Mr. MacDonald, Mr. Nosworthy, Mr. T. W. Rhodes, Mr. Robertson, Mr. R. W. Smith, Mr. Statham, Mr. Witty.

The minutes of the previous meeting were read and confirmed.

The Committee resumed consideration of Paper No. 226 C, "Details in connection with the Purchase and Fencing of Part of Runanga No. 1A Block."

Resolved, on the motion of Mr. Guthrie, seconded by the Hon. Mr. Buddo, That Mr. Russell, M.P., be afforded an opportunity of attending the meetings to hear any evidence given before the Committee in connection with the details of the purchase and fencing of part of Runanga No. 1A Block, and that the Committee grant every facility to Mr. Russell to call evidence.

Mr. G. W. Russell attended and read a statement to the Committee.

The following gentlemen attended and gave evidence: W. C. Kensington, I.S.O., late Under-Secretary for Lands; F. J. Taylor, settler, Runanga; Thomas Ballin, Christchurch; and A. Patterson, Accountant, Lands Department.

Resolved, on the motion of Mr. Witty, That Mr. Russell, M.P., be supplied with a copy of the evidence taken by the Committee, and that it be left to the Chairman to arrange for the supply of copies for the Committee.

The Committee then adjourned.

TUESDAY, THE 8TH DAY OF OCTOBER, 1912.

The Committee met at 10.30 a.m. pursuant to notice.

Present: Mr. E. Newman (Chairman), Mr. Anderson, Hon. Mr. Buddo, Mr. Coates, Mr. Forbes, Mr. Guthrie, Mr. MacDonald, Hon. Mr. Massey, Mr. Nosworthy, Mr. T. W. Rhodes, Mr. Robertson, Mr. Statham, Mr. Witty.

The minutes of the previous meeting were read and confirmed.

Paper 226 C, "Details in connection with the Purchase and Fencing of Part of Runanga No. 1A Block."

Resolved, That the Chairman (Mr. E. Newman) be empowered to obtain an opinion from the Solicitor-General as to whether the land sold to the Government could have been taken under the Land for Settlements Act by the Lands Department.

A letter was received from Mr. G. W. Russell, M.P., covering letters from Messrs. Russell and Anthony, solicitors, Christchurch, and Messrs. Hill and Frazer, solicitors, Christchurch, and the same were read by the clerk.

The Committee then adjourned.

TUESDAY, THE 15TH DAY OF OCTOBER, 1912.

The Committee met at 10.30 a.m. pursuant to notice.

Present: Mr. E. Newman (Chairman), Mr. Anderson, Mr. Coates, Mr. Forbes, Mr. Guthrie, Mr. MacDonald, Mr. Nosworthy, Mr. T. W. Rhodes, Mr. Robertson, Mr. R. W. Smith, Mr. Statham, Mr. Witty.

The minutes of the previous meeting were read and confirmed.

Paper No. 226 C, "Details in connection with the Purchase and Fencing of Part of Runanga No. 1A Block."

Resolved, on the motion of Mr. Guthrie, That the Chairman (Mr. E. Newman) be empowered to move in the House that Standing Order No. 240 be suspended in order that Mr. Russell, M.P., may be supplied with a copy of the evidence taken before the Committee on Runanga No. 1A Block.

Resolved, on the motion of Mr. Guthrie, That Mr. Russell, M.P., be furnished with a copy of the evidence, and that every facility be granted him to bring evidence before the Committee if he so desires.

The Committee then adjourned.

TUESDAY, THE 22ND DAY OF OCTOBER, 1912.

The Committee met at 10.30 a.m. pursuant to notice.

Present: Mr. E. Newman (Chairman), Hon. Mr. Buddo, Mr. Coates, Mr. Forbes, Mr. Guthrie, Mr. MacDonald, Mr. Nosworthy, Mr. T. W. Rhodes, Mr. Robertson, Mr. R. W. Smith, Mr. Statham, Mr. Witty.

The minutes of the previous meeting were read and confirmed.

Paper No. 226 C, "Details in connection with the Purchase and Fencing of Part of Runanga No. 1A Block."

Mr. Forbes moved the adoption of the following draft report:—

"This Committee having called evidence in respect to the purchase by the Crown of 1,404 acres of the Runanga No. 1A property, which matter was referred to it by the House for inquiry, find—

"1. That the evidence before the Committee showed that it was desirable for the proper subdivision of the Pohokura Block of Crown land that 1,404 acres 2 roods 22 perches of the Runanga No. 1A property should be purchased for homestead-sites, and to give road-access to the proposed subdivisions that land could not have been acquired under either the Public Works Act or the Land for Settlements Act, and consequently had to be acquired by private treaty; and the price paid—viz., £2 10s. per acre—was a reasonable one under the circumstances.

"2. That negotiations were started on the 28th November, 1910, to acquire the portion of Runanga No. 1A land required, and the owner Mr. T. Ballin, of Christchurch, offered to sell at £4 per acre. This price was thought excessive, and the matter was hung up until Ballin sold the whole property of 64,665 acres to Mr. G. W. Russell, M.P., on the 23rd March, 1911, and on the 17th June Mr. Russell, through his solicitors, submitted a fresh offer of £2 10s. per acre, which was accepted by the Lands Department.

"3. That after a careful consideration of the whole matter the Committee is of opinion that Mr. G. W. Russell did nothing improper, as a member of Parliament, or in his private capacity, in connection with the sale of the land to the Government."

Mr. Guthrie moved as an amendment that the Committee adopt the following draft report:—

"1. Was it desirable that the Government should acquire this portion of Runanga?—*Answer*: Yes.

"2. Could the land purchased, other than that portion actually required for roads, be acquired in any other way, except by private treaty?—*Answer*: No.

"3. Was the price excessive?—*Answer*: Not under the circumstances.

"4. Was Mr. Russell, M.P., responsible for the completion of the sale of this portion of the land to the Government?—*Answer*: Yes.

"5. Did Mr. Russell, as member of Parliament, use any undue influence with the Government to effect the completion of the sale?—*Answer*: No.

"6. Did Mr. Russell by this transaction violate any resolution of the House in dealing with such matters?—*Answer*: Yes."

Resolved, That clause 1 stand part of the motion.

Resolved, That clause 2 stand part of the motion.

Resolved, That clause 3 stand part of the motion.

Clause 4: Resolved, on the motion of Mr. Witty, that clause 4 be amended by the addition of the words "by reducing the price from £4, which had been asked by the previous owner, to £2 10s. per acre."

Mr. Witty moved to amend clause 5 by striking out the word "undue."

And the question being put, that the word "undue" be deleted, the Committee divided, and the names were taken down as follow:—

Ayes, 6: Hon. Mr. Buddo, Mr. Forbes, Mr. MacDonald, Mr. Robertson, Mr. R. W. Smith, Mr. Witty.

Noes, 6: Mr. Coates, Mr. Guthrie, Mr. E. Newman, Mr. Nosworthy, Mr. T. W. Rhodes, Mr. Statham.

And the voting being equal, the Chairman gave his casting vote with the "Ayes," and so it passed in the negative.

And the question being put, that clause 5 stand part of the motion, the Committee divided, and the names were taken down as follow:—

Ayes, 5: Mr. Coates, Mr. Guthrie, Mr. E. Newman, Mr. Nosworthy, Mr. Statham.

Noes, 7: Hon. Mr. Buddo, Mr. Forbes, Mr. MacDonald, Mr. T. W. Rhodes, Mr. Robertson, Mr. R. W. Smith, Mr. Witty.

And so it passed in the negative.

Resolved, on the motion of Mr. Rhodes, that the following new clause be added to the motion:—

"5. Did Mr. Russell use any undue influence as a member of Parliament to effect the sale?—*Answer*: No."

Mr. Statham moved, That the following new clause be added to the motion:—

"6. Did Mr. Russell conduct the negotiations in his own name?—*Answer*: No; all the negotiations were conducted by him in the name of Thomas Ballin, the previous owner, and Mr. Kensington, then Under-Secretary for Lands, stated in evidence that he did not recognize Mr. Russell as the owner."

And the question being put, That the clause down to the words "previous owner" stand part of the motion, it was resolved in the affirmative.

And the question being put, That the balance of the clause stand part of the motion, the Committee divided, and the names were taken down as follow:—

Ayes, 9: Mr. Coates, Mr. Forbes, Mr. Guthrie, Mr. MacDonald, Mr. E. Newman, Mr. Nosworthy, Mr. Robertson, Mr. Statham, Mr. Witty.

Noes, 3: Hon. Mr. Buddo, Mr. T. W. Rhodes, Mr. R. W. Smith.

And so it was resolved in the affirmative.

Resolved, That the motion as amended be adopted.

Resolved, That the Resolutions of the Committee be reported to the House.

The Committee then adjourned.

MINUTES OF EVIDENCE.

WEDNESDAY, 11TH SEPTEMBER, 1912.

HARRY EDWARD WALSHÉ examined. (No. 1.)

1. *The Chairman.*] What are you?—Assistant Surveyor, in the employ of the New Zealand Government.
2. *Mr. Witty.*] You were surveying this Pohukura Block in 1909?—In the early part of 1910.
3. The Crown land is very broken country, is it not?—Yes, the Crown land is.
4. And almost impossible to get a road through it for the purposes of closer settlement?—There is no practicable road that can be got.
5. *Mr. Statham.*] The best route for the road was along the Waipunga Stream?—Yes, without doubt.
6. And there was a good deal of correspondence between yourself and the Under-Secretary, I suppose, through the Napier office?—Yes.
7. About the question of having the land acquired under the Public Works Act?—Yes.
8. Then do you remember, when the negotiations were broken off because Mr. Ballan wanted £4 an acre, you suggested as an alternative that there should be access-roads put in?—Yes.
9. In a letter to the Under-Secretary from the Chief Surveyor at Napier he encloses a copy of your letter of the 21st September, 1910, as follows: "This area lies between the new road and Crown lands and boundary, and contains 1,343 acres 2 roods, and consists of river terraces and low hills—all poor pumice country. The value, including five miles and one-eighth of fencing, is £516": that was your valuation?—Yes.
10. "Should this area not be acquired, more roading will be necessary at an estimated cost of £400 (two miles and a half at £2 per chain)": that was your estimate?—Yes, that was my estimate.
11. "Besides reducing the value of the sections owing to their not having any easy country for homestead and yarding purposes"?—Yes.
12. Then, you remember negotiations were broken off altogether on account of Mr. Ballan wanting £4 an acre?—Yes.
13. On the 13th February, 1911, the Chief Surveyor at Napier wrote to the Under-Secretary stating that Mr. Walshe values the land at 5s. an acre. The Government valuation in 1907 was 5s. an acre. Those are the facts, are they not?—Yes.
14. Then the surveyor—that would be yourself—reports, "That the land in question is pumice country covered with small scrub and tussocks (no bush), and states that the Natives are willing to sell their portion of Runanga No. 1B, between the proposed road and the boundary of the Crown land, at 4s. per acre, this land being precisely similar to Mr. Ballan's portion of No. 1A for which he is asking £4." Is that correct?—Yes.
15. Was it precisely similar land?—Yes.
16. Then the Chief Surveyor goes on to say it is out of the question to give that price, and asks authority to give 15s. Do you think that 15s. would be a fair price under the circumstances?—It would have been a good price for the Department to have got it at.
17. Now, on the 20th March, 1911, the Chief Surveyor at Napier wrote to the Under-Secretary, "There is no alternative but to take the roads up Waipunga Valley under the Public Works Act and give two access-roads to tap four sections. This will be an inexpensive road to form and maintain, and the fencing will be the only item of any cost, but even so it will be a better and cheaper road than any other we can get elsewhere. To enlarge the sections to 7,000 acres as suggested will only save one access-road, and as they are only short ones the expense will not be great, and I would respectfully suggest that the original scheme of subdivision be adhered to." That is, that the sections remain at 3,500 acres, the original scheme, and that two access-roads be put in the 32 chains and 45 chains?—Yes.
18. That would save acquiring any land except what was actually acquired for the road?—Yes.
19. And would that have been satisfactory?—It would have reduced the value of the Crown sections on the frontage. There was practically no easy country on the frontage. Tracks would have had to be cut then from the boundary to enable them to have worked each spur.
20. Your connection with the land practically finished when you finished the survey?—Yes.
21. Was the offer of Mr. Ballan to sell at £2 10s. per acre submitted to you for report?—Yes, that was submitted to me.
22. Did you recommend the purchase at £2 10s.?—Yes.
23. Do you know what price was given to the Natives for their portion of No. 1B?—I fancy about 3s. 10d. an acre. but I would not be sure.
24. That means that the Natives got 3s. 10d. an acre for their land and Mr. Russell got £2 10s. for his?—Yes.
25. And Mr. Ballan in making the bargain also bargained that all fencing should be done?—Yes.
26. Which cost the Department some £500-odd?—Yes.
27. *Mr. Guthrie.*] You have been surveyor in this block from the time of the first negotiations and before?—Yes, since January, 1910.
28. Are you the gentleman referred to in the memorandum as the Chief Surveyor from Napier?—No.

29. Was the correspondence which passed between the Lands Department and the Chief Surveyor at Napier submitted to you for report as the man on the ground?—I think most of it was, but I am not sure.

30. Several letters passed between the Chief Surveyor at Napier and the Lands Department which seem to hinge on the whole transaction. I want to know if that correspondence was submitted to you and reported on by you?—I can tell you if any particular letter was submitted to me, but whether all of them were I could not say without seeing them.

31. I suppose you surveyed this Government block of land?—Yes.

32. What value did you put upon it?—I think it averaged 14s. for the front sections.

33. In regard to the strip that is required from the Runanga Estate, is that all flat land?—No, not all.

34. Then on what grounds did you recommend that this land should be purchased at £2 10s. when you valued the surrounding land at 14s., and when you knew the other to be sold at 3s. 6d. You must have had a reason for recommending the Department to accept it?—Because I believe it was worth that much to the Department on account of the frontage.

35. That was the reason you recommended the Department should take the land at £2 10s.?—Yes.

36. And you believed the Department was making a good bargain at that price?—Yes, making a fair bargain.

37. If it was not for the fact that it gave access to those sections, what value would it have been to the Government?—My last value gives it at £693 9s.

38. And then you allowed the extra valuation solely and wholly because you considered it would be of that value in opening up this other block?—Yes.

39. What increase per acre did you think the Government would get for it?—2s. per acre.

40. For the whole block?—No, for the adjoining sections.

41. By their acquiring this block it would increase those sections by 2s. an acre?—Yes. There are about 19,000 acres.

42. Were you in any way connected with Williams and Kettle when they made the offer on behalf of Mr. Ballan?—I was asked to report on that offer of £4, and my report was that it was not advisable.

43. What was your impression when you found that £4 an acre was asked for that by Williams and Kettle?—I thought they were trying to get the price on account of the frontage, and I thought they would come down.

44. You thought at that time they were asking an exorbitant price?—Yes.

45. And you as a Government officer refused to recommend that?—Yes.

46. In any of your communications did you only communicate officially with the head office, Napier?—Yes.

47. You had no communications from any private individuals, agents, or otherwise in connection with the matter?—No, none at all.

48. Do you remember that there were instructions issued from the Under-Secretary of Lands to the Chief Surveyor at Napier to proceed and take this land under the Public Works Act?—Yes, that was the road.

49. Was that the road-line only, or did it include the piece that you have now taken?—There are no provisions in the Act, I believe, for taking that 1,343 acres.

50. I will come to that later on. What I want to know is, was the instruction from the Under-Secretary of Lands to the Chief Surveyor at Napier to purchase this piece they have now purchased, or only to take the road-line under the Public Works Act?—Only to take the road-line under the Public Works Act.

51. What would have happened—you could not have skirted round the spurs in the front sections—there must have been a piece of land between the road and these sections: what would you have done?—It would have included the two access-roads—the land right up to the Waipunga and access-roads.

52. And then taken only a chain all the way round?—Yes.

53. Immediately after this it appeared that fresh instructions were issued that negotiations were to be opened up between the Department and the owners, and the idea of taking under the Public Works Act was dropped?—If we could purchase the whole of the land including the road at £2 10s. The offer given to us was, I believe, to purchase the whole at £2 10s. or break off negotiations altogether.

54. It was not then a voluntary act on the part of the Department—it was because the Department's hands were forced?—They offered to buy the whole piece at £2 10s. or take the road under the Public Works Act. They had no choice of taking the road only at £2 10s.

55. I did not mean that at all. Did you put a price upon the road-line at all?—No, never.

56. The point I want to make is this: the negotiations with regard to taking under the Public Works Act seemed to end abruptly, and do I understand you to say that they ended because you had to take the whole block at the price of £2 10s. or else pay more for the road? The Department was placed in the position that they had to take the whole of this block at £2 10s., or if they took the road alone they would have to pay more for it?—Yes, that is so.

57. There do not seem to be any particulars in the papers we have got as to the charge they were going to make for the road-line?—No.

58. Did you have any particulars as to what they were going to charge for the road-line?—No.

59. That being so, why did you advise the Department to take the block at £2 10s.?—I do not see that it would make any difference.

60. The point I want information on is this: at a certain point you were satisfied to take the road under the Public Works Act, but when you reached that point of taking the road under

the Act then the whole of the negotiations changed, and you tell us it was because you were to get the whole block for £2 10s.?—Yes.

61. And if you had to take the road-line at all you would have had to pay more for it per acre?—Yes.

62. I asked you before why you reckoned it was a good bargain for the Government to have the whole of that block, and you said because it gave access to the whole of their block. You do not appear to have had any idea at all what price they were going to charge for the road alone?—If the road alone had been taken under the Public Works Act it is hard to say what it would have cost us. There is the fencing on both sides, the cost of the value of the land and the claims for severance, besides the cost of proceedings under the Public Works Act.

63. You seem to have considered all those expenses?—Yes.

64. You say you put 14s. upon those sections as the value of them?—Yes.

65. They have never yet been offered for settlement?—No, not yet.

66. When they are offered for settlement what price will be put upon them?—That I could not tell you.

67. Will you recommend that they be increased by the 2s. which you say is the increased value?—That 14s. includes the 2s. increase.

68. Then the original value of those sections was 12s. according to your valuation?—Yes.

69. As a practical surveyor, you think the value of those sections has fairly increased by 2s. because of the acquisition of this block?—Yes.

70. *Mr. Coates.*] Did you make up for the Department an estimate of the whole cost of the road including severance and fencing?—Yes, I have made it up.

71. *Mr. Witty.*] In the first place you reckoned 15s. per acre was sufficient for the land that was acquired according to your own report?—No, 5s.

72. You had authority to offer 15s.?—Yes.

73. And did you think that 15s. was a fair price?—It was more than the productive value of the land was worth, but it is not equal to the additional value given to the adjoining sections.

74. But still you thought it was a pretty good value?—Yes.

75. And you have since stated that you thought the land was really cheap enough at £2 10s. an acre, or an increase of £1 15s.?—Yes.

76. Why?—On account of the additional value it gives to the Crown sections adjoining.

77. Did it not give the same value when offering 15s. as when offering £2 10s.?—But we could not get it for 15s.

78. You say it is a fair bargain for the State, but has not the State the right to be fair as between the State and the individual?—I think the State should pay as little as possible for any land it gets.

79. But had it been taken under the Public Works Act the road-line would have cost much more?—Yes.

80. And the value would not have been put on those sections?—No.

81. Roughly speaking, there is £2,000 of an increase, computing 19,000 acres at 2s., in the value of this Pohokura Block?—Yes.

82. That is without counting the land that is purchased?—Yes.

83. Who offered to take £2 10s. an acre: was it Mr. Russell or Mr. Ballan?—Mr. Ballan, I believe.

84. Up to that time Mr. Russell had not appeared in the matter—not until after the offer of £2 10s. was made?—No.

85. The price given to the Natives for the whole of the land, I understood you to say, was 3s. 10d.?—Yes.

86. Then, you still think that in giving £2 10s. per acre for this land the State has made a good bargain?—Yes.

87. The negotiations were broken off on the 23rd February, 1911, were they not?—Yes.

88. And then it was reported that no other roads were practicable except at a prohibitive cost. You were practically bound to acquire this land of Ballan's to make the Pohokura Block of any value at all for settlement?—Yes.

89. *The Chairman.*] You say that it is a fair price at £2 10s., and you justify that by saying that the road would have cost a great deal more if taken under the Public Works Act. What would it have cost if taken under the Public Works Act?—I could give a rough estimate.

90. What is your rough estimate?—About £1,550, besides the cost of severance and cost of proceedings—that is, for the road and fencing.

91. But you fenced on one side under this agreement, have you not?—Yes.

92. Under the Public Works Act you would have fenced only one more side than you did fence?—Yes.

93. Does this land go through any other land but Runanga No. 1A?—Yes, it goes through Runanga No. 1B.

94. Was that land purchased?—Yes, from the Natives, at 3s. 10d.

95. What was the area of the block?—I do not know.

96. Was it 409 acres?—Oh, no.

97. Then, did the Natives receive any compensation for taking that road through?—No, the whole piece was purchased from them.

98. This—i.e., Runanga 1B—is all Crown land?—Yes.

99. And is this other piece, Pukahunui, Crown land?—No, that is private property.

100. And does the road go through Pukahunui?—Yes.

101. Did the owner get any compensation for that road going through?—I do not know whether that has been taken yet.

102. It is shown on the plan as going through?—I do not know whether it has been taken yet.
103. Do you know what the owner has got in the way of compensation?—No.
104. Has the road been taken through without his permission?—It is laid off under the Public Works Act; we could not take it by agreement.
105. What did you offer them in the way of compensation for the land?—We asked for the small piece of 200 acres cut off, but the owner said he would not sell it except at a prohibitive price, mentioning no figure at all.
106. Then, can you tell what the land cost under the Public Works Act?—I do not think it has been taken yet.
107. Is this land on both sides—*i.e.*, Runanga 1A and Pohokura—of the same character?—No.
108. Which is the better land?—The Crown land, Pohokura.
109. Better than Runanga No. 1A?—Yes.
110. In what way: is it pumice land?—It is all bush, and the Runanga No. 1A is composed of very little bush—mostly pumice country.
111. And is Pohokura all bush?—Yes.
112. In estimating the value of this land at £2 10s. per acre did you allow for severance?—No, because I considered it was a good bargain even without severance. It is a very hard thing to estimate.
113. Were you making the owner of Runanga No. 1A an increased payment because you were severing from him some land that was of value to his block—were you making allowance to Ballan as the owner of the land?—In what way?
114. Well, did you think the rest of his property would be injured by your cutting off that land, or was it purely the value of the land, or was it on account of severance?—Purely the value of the land.
115. Then, as a matter of business, do you not think it would have been a better bargain for the State if you had taken this road under the Public Works Act?—I think it would have been a very much worse bargain.
116. Why?—Well, it would so much have reduced the value of the Crown lands adjoining. We could not have taken what lay between the road and our own boundary under the Act.
117. There is no provision under the Act to take that piece?—No.
118. It would have had to be by private treaty?—Yes.
119. On the 13th February, 1911, you considered 15s. was the fair value for this land?—No. The Chief Surveyor was asking for authority to offer 15s.
120. Did you not approve of 15s. as a reasonable price for the land on the 13th February, 1911?—Yes.
121. And on the 17th June, 1911, did you consider that £2 10s. was a reasonable price?—Yes.
122. And what had happened between the 13th February and 17th June to increase the value of the land to that extent?—At 15s. we would have been getting the land for less, that was all.
123. We have got to find out why this land has increased in value as between February and June from 15s. to £2 10s., and I want to know from you as a man on the spot what caused the value of the land to bump up from 15s. to £2 10s. in that time—what was the reason for it?—15s. was the price we wanted it for, but £2 10s. was the price we got it from them. If we could have got it for 15s. it would have been all the better for the Department.
124. And do you think it right to offer much under the proper value in order to make a good bargain for the State?—Yes, I think so. At 15s. we were paying more than the producing-value of the land. It was only on account of its position that it was worth £2 10s.
125. But you allowed for that. The whole block was valued at 5s. in 1907, and then on the 13th February, 1911, you valued it at 15s., allowing evidently for the increase in value, and then within a few months afterwards you recommend that £2 10s. should be paid?—That was the offer.
126. And you recommended it should be paid?—Yes.
127. And there is no explanation why this increased value accrued except that you thought you could not get it at 15s.?—I knew that we could not get it at 15s.
128. You had no communication with any one except the Chief Surveyor in this connection, had you?—No. I saw Mr. Ballan once on the ground.
129. What date was that?—Some time in April, 1910; but there was nothing said about taking the land then.
130. Was that the time you were thinking of taking it under the Public Works Act?—That was the first time.
131. That was the time you were thinking of taking it under the Public Works Act—29th March?—Yes.
132. Do you know what this Runanga was valued at?—The Government valuation in 1907 was 5s.
133. But now, in 1912, have you any idea what it is valued at?—No.
134. But you know the land opposite, Pohokura No. 2, is 14s.?—That is my own valuation.
135. I am trying to find out what the value of the land is in that district?—There is no comparison between the two: Pohokura is much better.
136. If you had taken this road under the Public Works Act without this piece of land available, would this land have been still worth 14s. without access on to that road?—No, it would not have been.
137. Why?—On account of the difficulty of working the sections, the yarding, and accommodation.
138. It is flat country?—About half is flat and the other half is easy country. From the boundary it rises up on to the Opureke Range.

139. *Mr. Statham.*] When you agreed that £2 10s. was a fair price for the land under the circumstances, did you take into account the fact that the Department would have to fence?—Yes.

140. The new arrangement made was that the Department would have to fence?—Yes.

141. You say it would have cost more to take the land under the Public Works Act. That is only conjecture?—It is an estimate.

142. At what price—you had the value the State would have to pay and the price per acre for the land itself?—Perhaps £2 10s. for the road itself. The road was taken up before the land.

143. Would not that be taken in as the actual value of the land itself?—Yes.

144. Was not that 5s. an acre?—The 5s. an acre was for the whole lot of 1,343 acres. The road is on much better country; it is on river-flat.

145. Is there enough of it to make it of any value?—There is a chain all the way.

146. You think that particular piece would have been worth £2 10s. per acre?—Yes.

147. Did the making of this road increase the value of Mr. Ballan's land?—I should not think so. He has the main road from which this country would be worked.

148. Did it not open up any of his country?—No, only in the sense that it is already opened up by the main road.

149. When did you first know that Mr. Russell had anything to do with the land?—Some time after the £2 10s. offer had been accepted.

150. Did you know when he purchased it from Mr. Ballan?—No.

151. Did Mr. Ballan tell you anything when he saw you?—No. I did not hear of it then. The first I knew was when Mr. Russell was through Napier. That was after the offer of £2 10s. had been accepted.

152. When was Mr. Russell through there?—I could not give the exact date, but I know it was after the £2 10s. offer had been accepted.

153. Do you not remember what month it was in?—It must have been in one of the winter months.

154. That was before the conveyance to the Crown had been completed, which was on the 23rd December, 1911?—Yes.

155. So that Mr. Russell was through the winter before that?—Yes.

156. And did he tell you then that he had bought the land from Mr. Ballan?—I understood from him then that he had.

157. You actually understood during the winter before that he had actually bought the land from Mr. Ballan?—Yes.

158. Can you remember when you saw Mr. Russell there—was it in May, 1911, or before that?—It must have been after that.

159. Did he tell you he had actually bought it then—did he speak of it as his land?—Yes, the Runanga Estate. Of course, whether it included this piece or not I do not know.

160. Cannot you give us more nearer the date you were there: how many months were you there?—I was in the office there from about the 3rd June to the end of September in that year.

161. So that it was some time before the 3rd June that you saw Mr. Russell?—No, after.

162. Did you see him at the office?—Yes, he had been up on to the estate and was passing through Napier when he called in.

163. Do you know whether that was his first visit there?—I could not say.

164. Between the 3rd June and the end of September you saw him, and he told you the property was his?—Yes, he spoke of the estate as his property.

165. *Mr. Witty.*] You said, Mr. Walshe, that it would have cost £1,550 to have taken it under the Public Works Act. That is a rough estimate?—Yes, that does not include severance or cost of proceedings.

166. Nor would it have put on the 2s. per acre?—No, it would not have increased the value of it.

167. So that there is really an increase of £800 by the taking of that land?—Yes, the cost of the extra fencing.

168. In regard to the land that was being taken, is that a fair average of the Runanga Block or is it better?—It is slightly better, I should think.

169. And it has deprived the block of the river frontage, has it not?—Only partly.

170. By this severance has it or has it not decreased the value of the Runanga Block?—I do not think it has made much difference to the block. It has not increased it nor decreased it.

171. You are sure the offer of £2 10s. was made by Mr. Ballan and not by Mr. Russell?—It was made by Mr. Ballan's solicitors, I think.

172. On Mr. Ballan's behalf?—Yes.

173. *Mr. Coates.*] In your opinion, if this country was subdivided into smaller runs, would not this property as a whole be benefited by the road?—The Runanga No. 1A has a main road running through it from which it could be subdivided.

174. The main road would be all that is required to subdivide this block?—Yes.

175. The portion that has been sold of the Runanga 1A?—Yes.

THURSDAY, 12TH SEPTEMBER, 1912.

JOHN STRAUCHON examined. (No. 2.)

1. *The Chairman.*] What are you?—Under-Secretary for Lands.

2. Have you seen this land which is the subject-matter of inquiry before the Committee?—Yes. I simply passed through it. I was unaware at the time it was the land referred to in the previous parliamentary inquiry until a Native who was acting as guide to Mr. Ritchie and

myself in connection with a block of land behind told us it was Mr. Russell's. I had nothing to do with it officially until it came to the question of fencing. That was the first official connection I had with the block. Had I known there was going to be any question raised I should have taken more notice of it. I have a fair knowledge of it through passing along, but I would not attempt to give values. [Plan referred to.] Along the top terrace is a fence.

3. Where is the new fence that the Government has got?—Along one side of the road-line. It was part of the agreement that they should fence one side of the road. The other fence that was already existing is Mr. Russell's fence, and is on the opposite side of the purple strip shown on the map where it is marked "fence." I should say that the acquisition of this purple strip is worth a considerable amount—I am not prepared to say what—as compared with the block behind it. I think Mr. Walshe has already given it in his evidence that it adds 2s. per acre to the Crown block—the Pohokura Block. Without this you have neither road frontages nor have you homestead-sites. It is very important to get that portion for homestead-sites. The flat is composed of white tussocks and danthonia. For about ten miles you can canter along on horseback, because it is quite level.

4. *Mr. T. W. Rhodes.*] And the fencing and roading would also enhance the value of Runanga No. 1A Block?—Yes, it would, of course. Mr. Russell's complaint to me when he came and asked me to get on with the fencing was that it was not properly fenced, as the Natives left the gates open.

5. *Mr. Witty.*] What was the date Mr. Russell asked you to get on with the fencing?—The date is on the file. It would be somewhere about May or June, 1912. That was the first occasion on which I saw Mr. Russell in regard to the fencing.

6. *Hon. Mr. Buddo.*] In regard to the piece of land in question marked purple on the map, what was the reason the Lands Department was so anxious to purchase this block?—I do not know, but my reason would be that I wanted it for frontages and homestead-sites for the people behind. I do not know what Mr. Kensington's reasons would be.

7. In your opinion it was taken for homestead-sites and frontages for the sections behind?—Yes. Without that it would not be of so much account.

8. Is the Government land of as much value without the adjoining land?—No, I do not know that it is. I was not on this block, but the country on the ridges is the best land, because the pumice has been washed down and has accumulated on the flats. Riding through it I rather liked the appearance of the flat land.

9. Is it all ploughable?—No, not all, but there are good portions of the flat that are ploughable.

10. Is the land behind it ploughable?—I could not say; I was not over it.

11. Is the road-line improved in any way by the alteration from the back to the front of this block—from the original line of fence?—There never was a road up to the original line of fence. You could not take a road up there.

12. Is the taking of this piece of land essential to the line of the road?—Not the whole of it. That road must have been taken some day whether we had come in or not. That is the main road from Runanga to Galatea.

13. It was essential for the block that this road should be taken?—Well, that the road should be taken. There must be a road. I do not say it was essential to take the block.

14. In what position would that have put the prospective Crown tenants if you had not purchased this land?—They could not get out or in. The short road-lines marked red would have been their only access.

15. Are you in a position to express any opinion as to the value of the land?—No, I am not. I simply passed up and down. I was not looking at it with any idea of values.

16. From your observations, do you consider the purchase by the Crown to have been suitable or otherwise?—Decidedly suitable.

17. *Mr. Witty.*] You passed through the land, Mr. Strauchon, and I understood you to say that half of it was flat and the other broken?—Of the lower portion probably half of it would be flat. I am only guessing at that. When you get up to about the second-last creek, before getting to the portion marked yellow on the plan, the spurs come closer down and are very pumicy.

18. From what you saw of the land, do you think the price of £2 10s. per acre was excessive?—I would not like to express any opinion. It is a good big price as compared with Pukahunui, which I went to look at.

19. The Pohokura Block could not have been cut up to advantage without the purchase of this land?—In regard to homesteads, no.

20. Is the land that has been acquired above the average of the Runanga Block?—I could not say. I was not over it sufficiently to say.

21. Do you not think that by taking away the river frontage from the Runanga Block it would deteriorate the value of Runanga?—It does not take the whole of it away; it only takes the lower portion of it away. Portion of it is very steep from one side, but I think the land at the top is better so far as grazing is concerned.

22. Is that the Pohokura or Runanga?—Runanga No. 1A.

23. Then you do not think that the purchase of this land has deteriorated the value in any way of the balance of Runanga?—If it had been mine I would not have wanted to sell it. If we had not taken it some one would have had to go in and take the road. It always depreciates a property if you make a narrow strip like that.

24. Without the purchase of this strip of 1,404 acres there would have been no place to erect homesteads?—I think not; but if you inquired from Mr. Walshe he could tell you better than I could.

25. Therefore the value of the Crown land would not have been so great had it not been for the acquisition of the other portion: is that so?—No, I think it would not.

26. Do you agree with Mr. Walshe that it has put 2s. per acre on the land in value?—I will express no opinion as to the value of that land. It certainly has improved it, but to what extent I am not prepared to say; I did not go into it.

27. You have not seen sufficient of the land to say?—No.

28. By what you have seen of it, do you think the purchase was a good one for the State or not?—Without expressing any idea as to the value of the land, I think it was.

29. *Mr. Statham.*] When did you first have anything to do with this matter, Mr. Strauchon?—Officially when Mr. Russell came to ask me about the fencing. It probably was in May or June of this year.

30. Is there any other method of taking this land except to acquire it by agreement?—Well, we could take the road under the Public Works Act at any time.

31. But the other part—could it be taken?—You could take what is considered a severance under the Public Works Act, but you would not want to take a wide piece like this for severance.

32. In regard to this portion of 1,404 acres, you could not take that under the Public Works Act?—Portion of it, but the whole of that could not be taken under the Public Works Act.

33. Could that have been taken in any other way—as, for instance, under the Land for Settlements Act?—No; this has nothing to do with land for settlement.

34. Did you know anything about the negotiations that were going on for the purchase of this land?—Nothing whatever. I saw it in connection with the parliamentary proceedings the year before, but I knew nothing at all about the land till I was up there, when the Native told us that that was the land over which there had been trouble in Parliament in connection with Mr. Russell.

35. Can you tell us whether at the time of the purchase Mr. Russell was the owner of the land?—So far as the documents go he was not, but I cannot say anything from my own knowledge.

36. And do you consider this land has improved Mr. Russell's property?—I do not think so, because he had all flat before, and there is no formation yet to speak of.

37. Did it take away from its value?—I should think it did a little. A road through your flat land is always a nuisance, because it entails double fencing and alteration in paddocks.

38. *Mr. T. W. Rhodes.*] Assuming that road had been taken under the Public Works Act, would Mr. Russell have been entitled to much by way of compensation owing to the severance?—I should think that would be an element in it.

39. But would it have any appreciable effect?—I should say, for a considerable period it might.

40. He would have been entitled to claim for severance?—I would not take it as an advantage to my land in any way.

41. You have already said that you considered it judicious to purchase, broadly speaking?—Yes, I think so. I am giving no opinion of the value.

42. *Mr. Guthrie.*] Was Runanga No. 1A on the Pohokura side fenced before?—Yes, it was all fenced. You go in through a gate.

43. That is the boundary-fence of the block?—Yes; that was already fenced long before I was there.

44. *Mr. T. W. Rhodes.*] Is the creek running up there a deep, broad creek?—Yes, a beautiful stream of water.

45. Is it easily forded?—Yes, it is a beautiful stream. There are some magnificent falls in it below the main Napier Road.

46. It had not the effect previously of practically isolating one portion of Mr. Russell's land from another portion?—No, you could cross it at almost any portion.

47. And anywhere where those little streamlets are running into it?—Yes.

48. *Mr. Guthrie.*] Have you any documentary evidence on the file of any offer being made of a road-line through this property by the Government?—I could not say. I was not interested in the file until the question of fencing came up. The file is here, and an answer to that could easily be obtained.

49. You consider that this strip of land is worth the amount paid for it?—I express no opinion on the value, because I have not sufficient knowledge. I only passed up, and two or three hours afterwards I came down again. I was not looking at it for that purpose.

50. I mean in regard to homestead-sites for the other block?—Most decidedly, it is valuable in that respect.

51. Do you know of any allowance that has been made for this boundary-fence that was on this property originally?—Not to my knowledge. I think it all went into the purchasing price.

52. And a new fence had to be erected on the other side?—Yes; that was part of the contract.

53. Are you aware it was part of the contract?—I had turned it up. After Mr. Russell mentioned it to me I said I would see whether it was part of the agreement, and I turned it up and found it was part of the agreement. It is quite clear in the agreement that the Government have to fence.

54. *The Chairman.*] Are there any other means of acquiring a block of land like this except by private agreement?—No, I do not think there are.

55. You have to take it under the Public Works Act?—Yes. If you declared the block a public work you could take the lot, but you could not declare that a public work very well.

56. You could take the road under the Public Works Act?—Yes.

57. But could you take this 1,404 acres under the Public Works Act?—I think it would be stretching the point too much to take it under the Public Works Act. That is only my impression.

58. If you had been arranging this affair, would you have taken the 1,404 acres or taken the road under the Public Works Act?—Apart from the Pohokura Block?

59. You must take it as it is situated?—I would have endeavoured to take the piece marked purple with the object of getting the homestead-sites, but not under the Public Works Act.

60. *Mr. Witty.*] Have you any idea of the length of the fence that was on the Runanga Block at the time?—About ten miles; it might have been more.

61. Have you any idea of the value of that?—No. Mr. Walshe could probably tell you.

62. *Mr. Coates.*] Looking at the plan, the country on the left of the road that has been taken appears to be very steep?—In part, I should say, very. I should say that somewhere near the letter "W" at the Waipunga Stream, right up to where the red road crosses the stream, it is fairly steep on the left hand going up. After that it is not quite so steep, and after that on the left-hand side it is not steep at all.

63. *Mr. Statham.*] There is a letter from Mr. Walshe to the Chief Surveyor, Napier, in which he says, "The value, including $5\frac{1}{2}$ miles of fencing, is £516"?—He will be able to tell you what that means, but I am under the impression that all is fenced, and that would be nearly ten miles.

64. *Hon. Mr. Buddo.*] Would that fencing be of any advantage to the prospective settlers on this Pohokura Block?—Yes; he could fence up against it and make it one side of his paddocks.

65. And would therefore be considered as part of the purchase-money?—Yes, I take it it was considered part of the purchase price. I know nothing as to the state of the fence or of its value.

66. *The Chairman.*] The road is fenced on the left-hand side?—Yes, it is now being fenced.

67. If a settler made his paddocks he would have to fence along the other side of the road?—Yes.

HARRY EDWIN WALSH further examined. (No. 3.)

1. *Mr. Witty.*] Can you inform the Committee of the length of the fencing that is taken in by this purchase?—416 chains—about five miles and a quarter.

2. What was the fencing-material used in the fence?—Matai, I suppose.

3. Post and rails?—Post and wires. A seven-wire fence.

4. What was the value of that fence?—10s. per chain.

5. And what distance were the posts apart?—About four or five to the chain, and three battens of kahikatea.

6. *Mr. Coates.*] How old was the fence?—It was erected in 1909 or 1910.

7. *Mr. Witty.*] About three years old—it would be practically a new fence?—Yes.

8. Do you think a fence similar to it could be put up for 10s. a chain?—No.

9. What amount would be allowed for deterioration in three years?—About half a crown per chain.

10. Is the fence of any use to the Government settlers when they get on the land?—Yes.

11. *Mr. Coates.*] What do you reckon a similar new fence would cost to erect now?—About £60 a mile—15s. a chain.

12. *The Chairman.*] Do you reckon the cost of fencing has gone up during the last three years?—No, I do not think so.

13. *Mr. Coates.*] How do you account for the difference of half a crown per chain? You say the value is 10s. per chain, and a new fence would cost 15s. per chain, and you have only allowed half a crown?—It is only worth, I think, 10s. to the Crown. It is not the value of a new fence, because a settler may have to shift it in places.

14. That is the other half a crown?—Yes.

JOHN STRAUCHON further examined. (No. 4.)

1. *The Chairman.*] I understand you desire to say something further to the Committee?—Yes. I was asked a question about the length of the fence, and my attention has been drawn since I sat down to the fact that the fence goes away from our part of the property at the corner—at the top of No. 3—Native land. That accounts for the difference in the length which I gave when I said it was ten miles long.

RICHARD KEENE examined. (No. 5.)

1. *The Chairman.*] What are you?—A settler, residing in Wellington.

2. Do you know the Runanga No. 1A Block?—Well, I know something of it. I have never been on the block myself.

3. Would you state your connection with the block?—Well, in conjunction with Mr. Reid, some years ago we purchased this block. As a matter of fact, we took it in exchange for some Wellington properties.

4. What was the date of that?—I should say, roughly, about five years ago.

5. Do you still hold the block?—No, we sold it.

6. When did you sell it?—I suppose, about a couple of years ago. I sold my interest to Mr. Reid, and Mr. Reid sold it to a man named Thomas Ballan, of Christchurch.

7. Can you give the date of that sale?—Not from memory.

8. Had negotiations been entered into by the Government regarding these 1,404 acres?—No, not when I was in it.

9. You have never been over the land?—No, I have not.

10. *Mr. Witty.*] Roughly speaking, can you give us the approximate date when it was sold to Mr. Ballan?—I could not really say. I should imagine, about two years ago or a little more.

11. Have you any interest in the land now?—I hold a mortgage over it from Ballan to myself.

12. Can you tell us when Mr. Russell came into the transaction?—Well, I should say, about twelve months ago or a little more.

13. Do you know whether Mr. Ballan was offering any of the land to the Crown or whether the Crown was trying to negotiate for any portion of the land?—I heard nothing about it. The first I heard about it was from Mr. Russell himself.

14. Did you receive any information that Mr. Ballan was disposing of this land to Mr. Russell prior to hearing from Mr. Russell himself?—No, I did not. Mr. Russell told me he purchased it.

15. *Mr. Statham.*] I suppose you are familiar with the property?—I know something about it, yes.

16. Do you know the piece purchased by the Government?—Well, I have heard about it—I have not seen it.

17. You cannot give us any idea of the value?—No, I can give no idea of the value.

18. In your opinion would the formation of that road be of any benefit to Mr. Ballan's property?—It would be to the Runanga Block. A road through it would be of great value to it.

19. In what way?—To enable the property to be subdivided to a road.

20. Would it assist subdivision?—It is bound to assist subdivision.

21. Had you ever contemplated getting a road put through?—No. We just simply used it for grazing purposes for stock and cattle—the whole block.

22. Do you know Runanga No. 1B—the Native block above that?—I have heard it is very good. I have not been on it. There is some bush on it.

23. You cannot give us any idea as to a comparison between the value of one and the value of the other?—No. I got others to look at the block and report, but I did not go on it myself.

24. You have not seen the property?—No, I have not seen it in my life—I have not been within forty miles of it.

25. *Mr. Guthrie.*] You and Mr. Reid became purchasers of this property about five years ago?—Yes, roughly, five years ago. We bought it from a Mr. Crawford in Auckland.

26. Then you sold to Mr. Ballan?—I sold my half share to Mr. Reid, and he sold to Mr. Ballan.

27. Do you remember when that sale to Ballan took place?—Well, I could not give you the date. It is over two years ago, I think.

28. Was it in 1910?—It would be somewhere about that, probably.

29. You retain an interest in the block by holding a mortgage over it?—What happened was this: I sold my interest to Mr. Reid; he exchanged the 66,000 acres with Mr. Thomas Ballan for a property in Blenheim of 19,000 acres. The value of Runanga at that time was assessed at £21,000, including stock, cattle, and all implements. In the settlement of accounts between Mr. Reid and myself there was a balance of £7,000 left owing to me, and I agreed with Reid to take a mortgage over portion of the Runanga Block for that amount, and I took a mortgage for that. When the portion was sold to the Government Mr. Russell came to see what I would release that portion for, and I said I wanted 10s. an acre to release it.

30. You sold to Reid, and Reid sold to Ballan?—Yes.

31. And you retained a mortgage of £7,000?—Yes.

32. Who was the mortgagor to you?—James Ballan.

33. You have said that you knew nothing about any transaction of sale to the Government or anything like that?—That is right.

34. Did you know of any sale from Ballan to Russell at the time?—No.

35. When did Mr. Russell come to you to ask you if you would be prepared to release part of your mortgage?—I could not give you the date.

36. Was it about June, 1910?—Probably. My solicitors would be able to state that, because I referred him to them.

37. A statement has been made that it was on the 2nd June, 1911?—I am not sure, but it is in writing, because I think a letter was written to that effect.

38. Well, that was the date mentioned. If that date was mentioned do you think that would be the correct date?—Possibly it would be.

39. What did Mr. Russell come to see you about on that date?—He wanted to see how much an acre I would release the mortgage for.

40. Therefore, on the 2nd June, 1911, Mr. Russell having come to you to make those inquiries, you would naturally think Mr. Russell must be in some way or another connected with the block?—I do not know. He told me he was the owner. I do not know whether it was on that date. When he came to see me he told me he had purchased it, and he was the owner.

41. If you have already put your name to a statement like that it is bound to be correct?—Yes.

42. Well, you have signed your name to a letter to that effect?—Well, if that is so it is quite correct.

43. Then Mr. Russell was practically the purchaser on the 2nd June, 1911?—Yes. I have had no communication with Mr. Ballan since Mr. Russell spoke to me.

44. Then it was only a matter of arranging on what terms you would grant the release?—Yes.

45. You made your terms with Mr. Russell and nobody else?—Yes.

46. *Mr. R. W. Smith.*] Would it not be possible for Mr. Russell at that date only to have been making inquiries with a view to purchasing?—Well, I dare say it would have been possible, but he told me he had purchased.

47. *Mr. Witty.*] I understood you to state, Mr. Keene, that you had not been within forty miles of Runanga?—That is so.

48. And yet you state that a road through Runanga would be of great value to it?—I stated that I had been told it would be of great value for cutting-up purposes—for subdividing.

49. To whom?—To the owner of Runanga.

50. But, seeing that the portion that was acquired was cutting off a small piece and taking off the river and fencing and giving very little more road to Runanga, where would the road come in?—Well, what is the length of the road?

51. Well, ten miles?—Surely if you have ten miles along the boundary by a road you can subdivide it better.

52. And cutting off a piece of your property?—I do not know. I have not been on it. If it cuts off a piece of the property that is a different question, but I do not know whether it is best or not.

53. If the road had run through the centre of it and had opened up the land it would have increased the value?—You have one road, and that gives you two roads. One road runs through the block now. I have been informed that that road would improve the value of the property.

54. *Mr. Forbes.*] Mr. Guthrie, in questioning you about the property, said you had put your name to a letter fixing the date of your conversation with Mr. Russell?—I say that if I did put my name to a letter it would be correct, but I do not remember.

55. *Mr. Guthrie.*] This is the letter signed by Mr. Keene, which appeared in the *Dominion* of the 24th February, 1912: "In the beginning of the year 1910 Mr. James Reid and myself sold to Mr. Thomas Ballan, of Christchurch, a block of land at Runanga, and a portion of the purchase-money—namely, £7,000—was secured to me by a first mortgage over part of the block given by Mr. Ballan to myself, and dated March 5, 1910. On June 2, 1911, Mr. G. W. Russell, M.P., of Christchurch, called upon me in Wellington, and stated that he had purchased the Runanga land from Mr. Ballan, and was negotiating with the Government for a sale of part of the land, and he inquired of me on what terms I would release my mortgage. I agreed to release a portion of the land on payment off my mortgage of a sum equal to 10s. per acre." That is correct?—Yes.

56. *Mr. Forbes.*] Then those dates would be right?—Yes.

57. What was the object of the letter you wrote? Was it because you had seen it mentioned in the House that you had sold to the Government?—Yes, that was the trouble. I heard from one or two members that it had been spoken of in the House that I sold to the Government.

58. You say it was stated you had sold to the Government?—I knew nothing more about it than what I had been told.

59. Had you seen it mentioned in Parliament that you had sold the property to the Government?—I believe Mr. Hindmarsh mentioned that I had sold it.

60. And you wrote that letter to explain the position?—Yes.

61. *Mr. Statham.*] In that letter you state that Mr. Russell told you he was negotiating with the Government?—Yes.

62. You are quite sure he told you that—that he himself was negotiating with the Government?—Yes, he told me that.

63. *Mr. Witty.*] I understood you to say that members had seen you with regard to the matter. Can you give us the names of those members who had seen you?—I was talking with Mr. Hindmarsh—we had a conversation.

64. Any other members?—I cannot remember. I was spoken to repeatedly in the town about it.

65. You said "by members"?—Well, by private people.

66. *Hon. Mr. Buddo.*] What is the area of the land in question, Mr. Keene?—66,000 acres.

67. I understood you to say in reply to a question by Mr. Statham that the balance of the property held by Mr. Russell would benefit by the severance of this piece of land. Is that correct?—No. What I think myself is that if you have a road ten miles long, and you can subdivide the land on to that road without going on to it, you would think it would make it more valuable.

68. But the road not being there—there is no road there—there only being a fence laid off, you would not consider the fact of cutting a narrow strip, shown blue on the plan, off a block of 66,000 acres would benefit the balance?—No, I do not know that it would. It would reduce the purchase-money—whatever it was sold for.

69. *Mr. Guthrie.*] Following up what Mr. Buddo has said, if a road-line is laid off on that block, and that block had to be cut up later on, would that road-line being there enhance the value of the block or otherwise?—It would be bound to, I should think, because if you had no road to make you would have no road to lay off.

70. *Mr. Statham.*] Did your partner, Mr. Reid, express any opinion about it?—No. You cannot give a title to sections unless you can give a road frontage.

71. *Hon. Mr. Buddo.*] You have not been near the land sufficiently to express an opinion as to whether the road would improve it or not?—No.

72. And if the Chief Surveyor said that the severance of the land would be a disadvantage to the balance of the property you would be prepared to combat that statement?—No, he ought to know more about it than I do.

73. *The Chairman.*] What did you value the Runanga land at per acre?—As a going concern with the stock?

74. Without the stock?—It is a difficult matter to say.

75. Was it worth £2 an acre, or £1, or 5s.?—The 66,000 acres, including the stock, was exchanged for a property in Blenheim on the basis of £21,000.

76. How much an acre did you value the Runanga property at?—I should think 5s. or 6s. per acre.

77. Then you would be surprised to hear that £2 10s. per acre had been obtained for this 1,404 acres alongside of it?—I have heard it has been obtained. It may suit the Government to get that block for some purpose. You very often have to pay more than it is worth under those circumstances.

78. If you had been offered, say, £1 per acre for that 1,400 acres, would you have been inclined to accept the offer without seeing it?—I suppose I would. I may have got a report from some one.

79. But would you have thought it was fair value?—I should think so.

80. And if you had been told, in addition, that there was to be a road run up through the land you were selling, would you have considered that an additional inducement to sell?—Yes, I certainly should.

81. How long did you hold the land?—I could not say, but probably it would be between three and four years. I am not sure about the dates from memory.

82. Did it increase in value during those three or four years?—Well, I think it would have. We had some put down in grass and a lot of fencing put up. It is bound to have increased in value.

83. Would you have considered 15s. an acre a fair value for this 1,400 acres?—I do not think I will express an opinion, because before selling I would want to send some one up to have a look at the place.

84. When you bought that land did you consider there was any land in that vicinity worth over £1 an acre?—No, I did not.

85. When you parted with the land did you know that any negotiations were going on by the Government for a road?—Not when we sold it, no.

86. That was about two years ago—in 1910, was it?—Yes, I suppose it would be.

87. You were not aware there were any negotiations going on then?—No, not for the purchase of the land.

88. What is the amount of your mortgage interest now?—It is reduced. It is £6,000-odd.

89. Would you have to be consulted in connection with the transfer of this piece of land?—I had to sign a release.

90. Have you done so?—Yes, long ago.

91. What consideration were you to get for releasing?—I got 10s. an acre for the 1,404 acres.

92. Who asked you to release it?—That was arranged with Mr. Russell, I think.

93. Are you sure it was arranged with Mr. Russell?—I arranged to release at 10s. per acre with Mr. Russell.

RAWDON ST. JOHN BEERE examined. (No. 6.)

1. *The Chairman.*] What are you?—A solicitor.

2. Do you know anything about the Runanga No. 1A Block?—Yes.

3. Will you state what you know?—That would take a long time. I received a subpoena to come here this morning about half past 9, and I have not brought any facts along with me.

4. What was your connection with this land?—I was acting as solicitor for Mr. Keene.

5. *Hon. Mr. Buddo.*] In what way did Mr. Keene get you to act for him in connection with this property?—He got our firm to act in 1908 when he purchased the property.

6. Was it with regard to the purchase?—Yes.

7. Had you anything to do with the arranging of the mortgage on the land?—There was no mortgage then arranged—he paid in cash.

8. What date was that?—In January, 1908.

9. Did you subsequent to that date have any connection with the property?—No.

10. Are you able to express any opinion in regard to the carrying through of the transaction as to whether the property was bought on such terms and conditions as would be applicable to the sale of such a property?—I do not understand the question.

11. Was the property purchased at that time as a straight-out cash transaction?—No, part of the purchase-money was secured by other lands: it was an exchange.

12. Have you any reason to believe that the land was valued as on the equity of exchange or on its fair value?—I think it was on its fair value.

13. There was no consideration given other than the exchange?—No.

14. No cash passed?—Yes, there was cash paid and other lands. Properties in Wellington were given, and cash, making up the value that the Runanga Estate was assessed at.

15. In your opinion was the equity in the Runanga property assessed according to its market value?—Yes.

16. *Mr. Witty.*] Have you been acting as solicitor for Mr. Keene right through the transaction?—Yes.

17. Do you remember the transfer to Mr. Ballan?—Yes.

18. Mr. Ballan, of course, had a mortgage from Mr. Keene?—Yes.

19. When did Mr. Russell come into the transaction?—About June of last year, I think.

20. You are not certain of the date?—No, I have not got the date with me.

21. Do you know if there was any negotiation between Ballan and the Crown in regard to the question of severance?—I know nothing at all about that.

22. *Mr. Forbes.*] Was the mortgage on this property by Keene to Ballan transferred to Mr. Russell?—Mr. Ballan gave a mortgage to Mr. Keene for so-much, and the property was transferred subject to the mortgage.

23. Then when it was sold to Russell what happened?—The mortgage still remains upon the property.

24. You as solicitor for Keene would be notified when the sale was made from Ballan to Russell?—Yes. We would be asked to produce the title so that it could be registered.

25. Do you remember the date?—I think it was about June of last year. The Register-book in Auckland would show the date exactly.

26. You think it was in June of last year?—Yes.

27. *Mr. R. W. Smith.* Have you any idea what the property is worth now?—It is worth a little more than it was worth then. A certain amount of fencing and ploughing has been done—some slight improvement.

28. Have you been on the property?—Yes, I have been all over it.

29. What do you value it at now?—I am not a land-valuer.

30. *Mr. Coates.* If you are not a land-valuer, how do you come to the conclusion that it is a little more valuable now?—I know the property, and am acquainted with the amount of grassing done.

31. Are you acquainted with the piece marked purple on the map?—The whole of that valley is the best part of the run. There is bush on the Runanga side. The whole of the Crown land is bush, all that can be seen from Runanga. Down in the valley is tussock land, and there is about a ten-mile strip of bush a mile and a half wide.

32. *Mr. Statham.* Have you been acting for Keene all through the transaction?—Yes, the firm. My brother acts principally for Mr. Keene.

33. When did you first hear of the sale to Russell from Ballan?—About June of last year.

34. Then do you remember when Mr. Keene first consulted you about releasing? Did he come to you and tell you he proposed to ask them to release a certain portion?—Yes.

35. And did you go into the merits of the question or did he decide?—He decided how much he would reduce the mortgage by.

36. He did not ask you to advise on that?—No.

37. I think the title went through on the 23rd December. Did you have any agreement to purchase in your hands at any time?—I do not think so. It would not come near us. All we would be asked to do would be to produce the title so that they could register the transfer. We were simply holding the title on behalf of the mortgagee.

38. *The Chairman.* Were you aware that the Government were negotiating for the purchase of this land?—When I was up that way two or three years ago I heard that the Government were going to cut this [Pohokura] block up, and they might require some of that [Runanga]. It was only the gossip of the country up there.

39. Did you have any information as the legal adviser to Keene that the Government were negotiating for the purchase?—No, there was nothing said about it. The surveyors had been cutting up the land, and they seemed to think the Government would take part of it. It was only reasonable, because it was the only place where the road could go.

40. Do you know the run?—Yes.

41. Do you say that there is bush on Pohokura?—Yes, it is all bush.

42. And bush up the valley on Runanga?—Yes, not in the valley, but on the hillside. It is a low hill and it is all bush.

43. Does the standing bush go down to the creek?—No, not quite.

44. Does it go down to the road-line?—No.

45. Then do you say that your client, Mr. Keene, was asked by Mr. Russell to release this 1,400 acres?—He said so.

46. Did you prepare the transfer?—We perused the release, and Mr. Keene signed it.

47. At the request of Keene did you take the necessary steps?—We perused the release of that part, and he signed it, and we handed it over on payment of so-much.

48. Who was the land transferred to?—That we did not know.

49. Was that done at Mr. Russell's request?—That I could not say: it probably was.

50. You were instructed by Mr. Keene?—Yes, and by the solicitors in Christchurch who sent up the release. I think they actually prepared it.

51. Who were the solicitors in Christchurch?—I think the firm was Russell and Anthony.

52. You know nothing about the value of land in the district?—I know what prices have been paid for the land round about there, or what the Natives are asking.

53. What price was paid for Runanga?—The whole block?

54. Yes?—£12,500.

55. For the 66,000 acres?—Yes.

56. You say you know the value of other land: what is Puhukanui land worth?—I would put it down at about 2s. 6d. per acre. For the other strip of Runanga No. 1b the Natives were asking 2s. 6d. an acre.

57. What do you value Pohokura at?—I do not know. That has never been on the market.

58. Is it the same class of land as the other?—It is a very high hill—a portion of it.

59. *Hon. Mr. Buddo.* The land that the Government is cutting up is composed of high hills?—Yes.

60. *The Chairman.* Then the Natives valued Runanga No. 1b at 2s. 6d. an acre?—Yes.

61. Would Runanga No. 1a be worth more?—Yes, it is worth more, because it is much nearer the road.

62. Would you consider 10s. an acre a fair value for Runanga No. 1a?—Well, if you take the whole lot, yes, possibly.

63. *Mr. Guthrie.* What names appeared in the release sent up to you?—The mortgage is from Ballan to Keene, and it would be, "I, Richard Keene, hereby release certain," &c., &c.

64. And that was in June, you say?—Somewhere between June and the end of last year.

65. *Hon. Mr. Buddo.*] You have been all over the property?—Yes.

66. Assuming you were the owner of that block of Runanga which at that time belonged to Mr. Ballan, and which you said was a narrow block, would you consider it was benefited or otherwise by the sale of that piece of flat land on the frontage?—Well, that is part of the best of the block that is gone.

67. If it belonged to you would you care to part with it unless you received some substantial consideration—I mean substantial consideration in addition to its actual intrinsic value for farming purposes?—I do not think it would make much difference. The flat land is only good in the winter-time, and the cattle go into the bush and valley in the dry season, and it is of extra value then, I suppose, for that purpose.

68. Assuming that you owned that block of land and intended to cut it up, as a business man would you care to part with this piece of flat land, which I understand you to say is the only piece of flat land, or would it be any advantage for cutting-up purposes?—It would be of no advantage at all—it is on the wrong side. The valley is on that side.

69. In your opinion is Runanga Block not affected at all by that sale?—No, I do not think so.

70. Very well, take the opposite side. Assuming that you owned the Pohokura Block, which the Government are now proposing to settle, would it be of any advantage to you to purchase the adjoining land, which you say is the only piece of flat land in the district?—Yes, because there is no chance of putting a road up—it is on a high hill. They would have to have portion of this Runanga land to put a road there.

71. Would it be of any other advantage to the Pohokura Block?—Yes, it would. It would be useful until the other land is cleared for any one buying this land to have a paddock in front.

72. The advantage would be very considerable, would it not?—Yes, I think it is a great benefit to the block.

73. Of course, you are not a land-valuer?—No.

74. But in your opinion as a business man the advantage would be very considerable?—I do not know what “very considerable” means.

75. It would be worth more than the adjoining land?—Yes, more than the actual value of the land as so much farming land.

76. As a matter of fact, as a business man you would be a purchaser of that block if you were a settler there?—If I had one piece I would want to buy the other piece down there.

77. In your opinion, if you owned that Pohokura Block, you would be anxious to acquire the only piece of open land in the neighbourhood?—Yes.

78. *Mr. Nosworthy.*] Do you not consider that it would pay to sell all this piece of Runanga flat to the Government if the advantage was counterbalanced in getting the road put on the Runanga side? Would it not be of more value to Runanga than taking it where it was proposed to take it?—I think it would.

79. It would pay the proprietor of Runanga to sell that land to the Crown, providing he could get that road on the face of his property?—If he wished to subdivide the bush country.

80. It gives an easy access to the remaining portion of the property?—Yes. I do not know whether the road is actually formed now.

81. It is to be the road, and therefore it skirts what is known as the Runanga property now, or will skirt it?—Yes.

82. *The Chairman.*] If you were the owner of Runanga No. 1A, and the Government were taking this road up and cutting off the 1,400 acres, would you consider that an injury to your property?—No.

83. Would this 1,400 acres be of value cut off from the rest of the land by the road?—It would make useful paddocks.

84. When did you visit this property?—Several times in 1908 and 1909.

85. Have you been there since?—Not since Mr. Keene sold it.

86. What did you consider a fair value for the 1,400 acres?—I would not hazard a value.

87. You have expressed an opinion of the value of all the other blocks?—I have given you the sale value—the transactions that have passed that I know of.

88. Your value of Runanga was about 10s. an acre?—Yes.

89. And of Runanga No. 1B 2s. 6d. per acre?—Yes.

90. And of Pukahunui?—I said about half a crown. The bush is useful, but I would not hazard an opinion about that.

91. *Mr. Statham.*] Mr. Keene, as mortgagee for £7,000, has a very substantial interest in the property, has he not?—Yes, £7,000 worth.

92. He would not be likely to agree to release any portion of the property if it was going to affect the value of what was left?—No. That is what he would have to see to, that the value left was worth the amount of the mortgage.

93. How was it he did not discuss that with you?—He may have with my brother, but not with me.

94. As solicitor you would naturally take an interest in your client and ask him whether he was impairing his security. From your knowledge of Mr. Keene, do you think he was likely to part with portion of the property and thereby impair the value of the remainder?—No, he certainly would not.

95. So that the conclusion you came to would be that his selling this portion would not impair the value of the Runanga Estate. In your opinion did the release of this portion impair the value of the Runanga Estate?—All I can say is that Mr. Keene would be quite certain that the balance of the land left would be more than the value of the mortgage—namely, £6,000-odd.

96. *Mr. Guthrie.*] In regard to this strip marked purple on the map of 1,400 acres, supposing the road had been taken through under the Public Works Act in exactly the line where it is placed at the present time and cut off that piece, what would have been the effect on that piece if cut off from the rest of the property?—I do not know. I think Mr. Keene would get compensation for the land taken. I do not think there would be any loss really. I think it would enhance the value of the land.

97. Mr. Keene, then, having an interest in that property, what would be his likely action in dealing with that piece of land if the road was going through: would he try to get the road on it or try to retain it?—No, he would hang on to it, I should say.

98. Even though it was severed by the road going up?—No, that would not matter a little bit. The property is already severed by this other road. It only benefits half, because you do not get a fence alongside the road—it saves the fences.

99. *Mr. Witty.*] By the putting of that road through—by the severance—would it not mean that whoever was the owner of that property would have to put up an extra fence?—I do not think so. Why?

100. Where would the people keep their stock?—If there was a road put down there without a fence on the other side, they would surely have a gate at the end. The cattle would simply run over the road from one side to the other.

101. It would not be a proper road. You know the Pohokura Block: was it suitable for cutting up for close settlement as it stood without the acquisition of that flat?—I do not see how you could have cut it up without that: it is all a high hill. I have not been over it.

102. Therefore the acquisition of that 1,400 acres has put an increased value on the Government property?—I should say so.

103. And allowed them to cut up the land in smaller areas?—Yes.

104. Were there any places that you know of where the houses could be built or yards made on the Government land?—They could not have been erected without clearings had been made.

105. But is there sufficient flat land for homesteads?—With this piece now there is.

106. But without it?—I could not say that. I know it is all very high hill and very thick bush.

107. Would it have been possible to have put a road in at a reasonable cost without the acquisition of this property?—I do not think so.

108. *Mr. Statham.*] You think, Mr. Beere, that the acquisition of that land enabled the Government to cut this land up into smaller areas, but the plan shows two access-roads, one of 36 chains and the other of 45 chains. I will now read you a letter written by the Chief Surveyor at Napier to the Under-Secretary on the 20th March, 1911, when it was suggested that the sections should be made larger and they should not acquire the land between the road and the Government land. He says, "To enlarge the sections to 7,000 acres as suggested will only save one access-road, and as they are only short ones, the expense will not be great, and I would respectfully suggest that the original scheme of subdivision be adhered to." Do you not admit that it was possible to cut up the land into the same areas in spite of the fact that they were not going to get the land between the road and the Crown land?—They could cut it up any way, but I think it is a question of cutting it up with that land.

109. In reply to Mr. Witty you said you agreed with him that if they did not acquire the land between they would have to get bigger sections?—The Chief Surveyor bears that out.

110. He says, "But even so it will be a better and cheaper road than any other we can get elsewhere. To enlarge the sections to 7,000 acres as suggested will only save one access-road." I do not deny that it might be some benefit to the Government to get the land between?—You could cut up the land any way you liked, but the question is whether they make useful runs.

111. But the point I want to get at is this: you can still retain the subdivisions and have complete access to them?—It is not a question of access.

112. Yes, it is?—You can cut into a block of land that you cannot build a house on.

113. Then the land could have been cut up into the same areas?—Yes.

114. But not to the same advantage?—No.

115. *Mr. Nosworthy.*] You will notice on the plan where the Waipunga Stream lies that running parallel with that there is land marked green. Looking at the map I take it that between the stream and the green land is flat country?—It is rising.

116. But low country?—Yes.

117. Country that you could build a homestead on?—Yes.

118. And it is evident, before the Government acquired this block from the Runanga Estate, they left the piece between the stream and the land marked green?—The part coloured green remains in the Runanga Run.

119. But between the green tracing which runs parallel to the river and the section marks of the different blocks there is a piece of flat attached to each property?—That is right.

120. Therefore there was ground enough for each property, previous to the Government acquiring Runanga, which is attached to each section in front?—It looks like it on the plan. As far as my recollection goes the fence actually cuts into the bush in many places.

121. *Mr. R. W. Smith.*] If this sale had not taken place, I take it that the people coming in and taking up Government sections would have had to halve the maintenance of the fence with the owner of the Runanga Estate?—That is correct, yes.

122. And, in addition to that, would have had to pay the owner of the Runanga Estate half the value of the fence?—No, you cannot call upon the Crown to pay half the cost of a fence.

123. But directly it is taken up by a selector?—I do not think he is called upon to pay half, but he has to pay half the maintenance thereafter.

124. And not half the cost of the fence?—No, I do not think so.

125. In that case, then, the owner of the Runanga Estate would have had to maintain five miles out of the ten miles of fencing?—Yes.

126. Since the sale has taken place, or now that it has taken place, he will have to maintain the whole ten miles of fencing?—I do not think he would, but that is a matter of arrangement.

127. He would have to be called upon to maintain it?—The people on the other side would be able to get a fence.

128. But this fence is running along the road?—But it is between the road and the Pohokura section.

129. And he would have to maintain it?—No, only if he puts a fence on his side of the road. If he built the fence he would have to maintain the whole ten miles of it.

130. *Mr. Guthrie.*] You have been in the district and seen the whole of the land yourself?—Yes.

131. You are the only witness we have had before us who has been on the land. As a marketable piece of land what would you consider the value of that district by itself?—You are not taking me as a land-valuer?

132. No, give me your impression?—Anything from 10s. to 12s. 6d. per acre.

HARRY EDWARD WALSH further examined. (No. 7.)

1. *The Chairman.*] The Committee desire to know whether the land marked green on the plan is flat land or not?—That marked green is.

2. *Mr. Nosworthy.*] What is the other land?—The edge of the bush.

3. And is not that land between the fenced land and the edge of the bush flat land?—No, very steep.

4. Then the fenced land is over steep ridges?—It runs across the ridges.

5. *The Chairman.*] Is the Runanga No. 1A cleared land or bush land?—There is a patch of bush near Runanga No. 1A on the left-hand side of the road going up about half a mile from the road.

6. *Mr. Nosworthy.*] The line coloured red is the boundary between the Runanga Estate and the Government sections. Under ordinary conditions the owner on one side of the fence would have to put up a fence all along the road at his own expense. The owner of the property is responsible for fencing the whole of the piece against the road?—That is a matter of agreement.

7. *Mr. R. W. Smith.*] The ten miles along the outside of the road will have to be fenced, will it not?—Yes.

8. And the maintenance of that fence will have to be carried out by the owner of the Runanga Estate?—Yes.

9. So that through this sale the owner of the Runanga Estate will be called upon to maintain five miles more fencing now?—Yes.

10. If this purchase had not been made from the Runanga Estate, and these sections had not been sold by the Government, would not the tenants have had to pay half the maintenance of that fence—supposing no sale had been made except the road?—Yes.

11. And now the sale has been made, will not the owner of Runanga have to maintain the whole ten miles on the other side?—Yes.

12. So that it is adding five miles on to the fence he will have to maintain?—Yes.

13. *Hon. Mr. Buddo.*] You know the piece coloured purple on the plan?—Yes.

14. What is the nature of that piece of country?—From the right-hand edge of the road is flat country—river flat—on an average about 5 chains wide from the road. Then there is a small terrace about 30 ft. high, and another flat averaging, I suppose, 20 chains wide.

15. How would you describe it if asked?—It is all open country.

16. Is the sale that has taken place to the Crown of any advantage to the balance of the Runanga Block that belonged to Mr. Ballan?—I do not think so.

17. Where would the advantage be in holding that block of land—is it any advantage to the Crown?—It is of advantage to the Crown on account of the frontage to the road for homestead and yarding sites and working of sections.

18. Have you had a long experience of cutting up areas of land?—I have been on the surveying since 1904.

19. If you had been asked to cut up that block to the best advantage without this purchase of land, would you have found suitable homestead-sites along the foot of the mountain?—No.

20. *Mr. Statham.*] At the present time the Government have erected, I understand, ten miles of fencing along the Runanga boundary?—I believe so.

21. And the owner of the Runanga Estate will have to pay the cost of maintaining that fence in the future?—I think so.

22. Well, if the Government had taken the road under the Public Works Act, and had either erected or paid the cost in the way of compensation for erecting ten miles of fencing, would not the owner of the Runanga Estate be in exactly the same position?—He would be in a worse position, because he would have double the fencing.

JOHN STRAUCHON further examined. (No. 8.)

1. *Mr. R. W. Smith.*] What I want to know, Mr. Strauchon, is this: Will the sale of this land or the transaction as a whole add to the amount of fencing that the owner of the Runanga Estate will have to maintain, and, if so, how much?—Only partially, because he had the five miles. He has now the whole of the ten miles to maintain, and he has still half the other with the Crown tenants,

2. Well, could you give us a rough idea of how much more fencing the owner of Runanga will have to maintain now as compared with what he would have had to maintain if this land had not been sold?—He has still got as much fencing to maintain, only he has half share of the tenants. He has still ten miles.

3. I wish to know how much more he will have to maintain?—About a couple of miles. If there had been no sale he would have had to maintain the whole of that portion next to the Crown tenants' section.

4. And you are thinking of selling that portion?—Yes. Apparently I was wrong in my statement in regard to the tenants' piece. Therefore the owner of Runanga has still the one piece to maintain, which is ten miles.

5. How much more fencing will the owner of Runanga have to maintain now than he would have had to do if no sale had taken place?—I do not think it will vary—practically no difference.

6. *Mr. Statham.*] There is about ten miles of fencing along the road-line now which the owner of the Runanga Estate will have to maintain?—It is not yet erected, but he will have to maintain it.

7. If that road had not been taken under the Public Works Act would not the position have been exactly the same?—Yes, because we would have had the fences on both sides.

8. In other words, is the owner of Runanga at any disadvantage through the purchase having been made?—Not so far as fencing is concerned. We have to erect the fence and he has to maintain it. He would have had to maintain all the fence if we had not bought.

9. Really the purchase from the owner by the Crown of the portion coloured purple means that he has less fencing to maintain than he had before?—I do not know whether it is less. He has parted with portion of it.

10. Yes, and that is so-much less?—Yes.

11. Do you consider that the fact that this land is being cut up and will be settled by settlers will have any effect upon the Runanga Estate?—Yes, of course, it will; it will induce population, and that will benefit the district.

12. So that the Runanga Estate will be benefited by the cutting-up?—If it is settled.

13. *Mr. Nosworthy.*] The point I wanted to get at was this: assuming that this flat land had not been purchased by the Government or any one else, and the Government had come in and said, "We are going to take what is this proposed line of road under the Public Works Act for the purposes of a road," that road then would have gone through the Runanga Estate, and the Runanga Estate would have been on each side of the road. Then if the settlers had asked for the road to be fenced, he would have had to fence ten miles on each side, which would be twenty miles?—No, you are wrong. If we had taken it under the Public Works Act we should have had to fence on both sides. The maintenance would then have remained with him. We would have put up the fence, and he would have had to keep it.

14. *Mr. R. W. Smith.*] In buying this piece of land instead of taking it under the Public Works Act there will be very much less fencing for the owner to pay for than if the Crown had taken it under the Public Works Act?—I do not see any difference.

15. I take it you said just now that the Crown will have to fence both sides of the road?—They will have to do it now, so the tenants when they come in will have to pay half.

16. *Mr. Statham.*] If that strip had still remained vested in the owner of the land he would have had to maintain twenty miles instead of ten?—Yes, if it had still remained with him.

17. *Hon. Mr. Buddo.*] Would you kindly state to the Committee whether, in your opinion, the balance of the Runanga Block benefits or otherwise by the severance of this 1,400 acres, including the responsibility for fencing or any other cost that might be incurred in the transaction?—Well, if the estate had been mine I would rather not have had the road there. I would rather have taken in the flats.

18. Therefore you are of opinion that the balance of the estate does not benefit by the transaction in question?—Only if they were going to subdivide. If the road was made they would have that advantage.

19. You have been on the ground?—Yes, I merely rode up the track and back again.

20. *Mr. T. W. Rhodes.*] If the land was simply used as a run there would be no necessity to fence along the road?—No. The only question is this: that you cannot compel a man to shut the gate, and therefore you are unfenced. You may shut the gate when you go through, but you never know what the next man will do.

21. But there would be no absolute obligation for him to fence?—No, he could run the risk of loss of stock.

WEDNESDAY, 18TH SEPTEMBER, 1912.

GEORGE WARREN RUSSELL attended and made a statement. (No. 9.)

The Chairman: I have intimated to the Committee, Mr. Russell, that you desire to make a statement, and the Committee will be very glad to hear anything you have to say. Further, the Committee have decided that if you desire it a copy of the evidence will be handed to you, and you will be permitted to cross-examine any of the witnesses who have given evidence before the Committee.

Mr. Russell: I thank you, sir. I do not appear in the position of wanting to cross-examine any of the witnesses at all. I am here to make a statement, and not as a witness. Mr. Chairman and members of the Lands Committee, I desire to make a statement regarding the matter which is being inquired into by this Committee. On the 30th August, 1912, Mr. Hine, M.P., replying to a speech made by me in Committee of Supply, made certain statements connecting me with

the purchase by the Government of a portion of the Runanga No. 1A Block. Apparently, as Chairman of the Public Accounts Committee, that honourable member had obtained access to certain public documents, and gave a chronological statement of the records. According to the records read by Mr. Hine, the negotiations for this purchase began on the 7th August, 1909, and the first time my name appeared on the records was that on the 5th May, 1911, I wired to the Under-Secretary inquiring if anything more had been done towards taking the road up the Waipunga Valley to give access to Pohokura, to which he replied that the intention was to take the necessary land under the Public Works Act. I may say here I have never seen the papers *in re* this matter, and am quoting from Mr. Hine's speech in *Hansard* No. 15, 30th August, 1912. My name next appears on the papers in a letter thus stated by Mr. Hine: "On the 5th March, 1912, Mr. G. W. Russell wrote to the Under-Secretary for Lands intimating that the titles to Runanga No. 1A and 2A were now in his name, and that any future correspondence should go to him." A little later in the speech this interjection occurs: "Mr. Hanan: What's your charge? Mr. Hine: I make no charge." Further on—"Mr. Hanan: What is the charge? The Hon. Mr. Massey said there was no charge," &c. In my speech on the occasion I said, "The honourable member for Stratford appeared to think there was something wrong and improper in this matter. Well, the answer he (Mr. Russell) would give to that was, let there be an inquiry, and if he was the person charged with having done anything improper he should be present at it." In due course, on the motion of the Prime Minister, the papers in the matter were referred to this Committee, and the Chairman (Mr. Newman, M.P.) courteously informed me personally that notice would be sent to me of the date of the meeting. I then told him that as no charge had been brought against me I had no intention of attending the meeting or taking part in the proceedings. On the evening of the 10th September, however, I received the attached letter, marked "A," as follows:—

"SIR,— "House of Representatives, Wellington, 10th September, 1912.
"I am instructed by the Chairman of the Lands Committee to inform you that a sub-committee will meet at 10 a.m. on Wednesday, the 11th instant, to consider Paper No. 226/C, details in connection with the purchase and fencing of part of Runanga No. 1A Block. The Committee meets in Joint Room, Old Parliament Buildings.

"I have, &c.,

"W. COLLINGS,

"Clerk, Lands Committee.

"G. W. Russell, Esq., M.P., House of Representatives, Wellington."

To this letter I forwarded the following reply:—

"DEAR SIR,—

"Parliament House, 11th September, 1912, 1.20 a.m.

"I am in receipt of your letter of yesterday's date informing me that a sub-committee of the Lands Committee will meet this day at 10 a.m. to consider Paper No. 226/C, details in connection with the purchase and fencing of part of Runanga No. 1A Block. I am unable to clearly see at present why this intimation has been sent to me, as I am not a member of the Committee, and have no *locus standi* at any inquiry the Committee may make. I also observe that whilst informing me of the meeting you neither invite me to attend nor indicate in what way I am interested in the work of the Committee.

"I have, &c.,

"The Clerk, Lands Committee."

"G. W. RUSSELL.

I have, however, been informed that since this inquiry opened a certain letter not on the file has been brought into evidence—namely, a letter written to a Wellington newspaper by a man named Keene, and that he and his solicitor, Beere, have both been examined in connection therewith. These facts have satisfied me that in the minds of certain members of this Committee there is an undiscovered and undisclosed charge against me, and that in my absence and without making any formal charge against me I am really being tried for an alleged or supposed breach of something not yet made clear. The position having been thus disclosed, and being able now to see exactly what is being aimed at, I consider the time has come for me to make a statement which may shorten the work of the Committee, and put my exact position before it. I visited Runanga in February, 1911, with the view of examining it as a possible field for settlement. I determined to buy it, as a result of my visit, if terms could be arranged. On that occasion, to the best of my recollection, I did not visit the Waipunga Valley. If I did the question of a road up it did not impress itself upon my mind. On my return to Christchurch I entered into negotiations with Mr. Ballan, the then owner, as a result of which I purchased the property on the 13th March, 1911, under agreement on the terms therein set out. I at once entered into possession, and from that date onward I accept full responsibility for everything that was done regarding the property. On my second visit to the station, having been informed by Mr. Ballan that negotiations were on foot for the sale of a portion of the land to the Government, I visited the Waipunga Valley with the manager, and made a careful inspection. I then discovered for the first time that a road had actually been surveyed through the property for about ten miles over what was shown on the maps as a Maori horse-track. I found that the portion under negotiation was a strip varying in width from 30 to 40 chains, and lying between the Waipunga Stream and the Runanga fence on the hills at the eastern side of the valley. The pegs for the road were in, and nothing more had been done. I did not on that occasion closely examine the road-line as it would affect Runanga Station. Having thus obtained a grasp of the general situation, I wired asking what was being done about the matter, as stated by Mr. Hine, and received the reply that it was proposed to take the road-line under the Public Works Act. This I thought would place me in an awkward position in being brought into direct conflict with the Government. I therefore considered the proper course would be to reconsider the price and

allow the matter to be settled by offer. I had ascertained from Mr. Ballan that his price to the Government had been £4 per acre. This I considered excessive, but as three miles of water was being taken by the Government, also a large portion of the best of the valley, I considered £2 10s. per acre fair and reasonable. On my return to Christchurch I saw Mr. Ballan and explained to him that as I was actively engaged in politics it would be best that the negotiations should be carried through in his name, he being the registered owner. This was agreed to. An offer of £2 10s. per acre was made, and it was also provided in the offer that the road-line should be fenced. The Government accepted the offer, and in due course the transaction was completed. I may say that had the matter not been put through in the manner it was I should have claimed the £4 per acre Mr. Ballan asked if the property had been taken under the Public Works Act. My reason for lowering the price was that I wished at that time the matter to go through speedily, for this reason: the Pohokura Block was being cut up. It adjoins Runanga, and this land was bought to give access to it. I could see at a glance that if the Waipunga Valley was attached to Pohokura that property could be cut up into much smaller holdings, for the valley would provide land for homesteads, paddocks, &c., instead of the settlers being perched on the side of a steep range of hills. On the map, if I remember rightly, two roads were shown going up to the hills, and this meant a minimum of settlement, whereas with the valley thrown into the block, four times at least the number of settlers proposed can be located on the block. To me, as an adjoining owner, this meant the bringing into the district of a larger number of settlers, which was bound to assist the settlement of my own country. In lowering the price I was acting in my own interests and looking to the future, as well as aiding the settlement of the Crown land adjoining. I considered it was quite proper to continue the negotiations in the name of the original owner. This is done every day in business where agreements for sale or lease are made, transactions already in training being executed in the ordinary course. I should certainly not have thought of initiating negotiations under the same circumstances, but in this case the whole matter had been completed up to the point of fixing a price that was agreeable to the Crown. I did that, both in the Crown's interests and my own, and I accept the full responsibility of my action. In no way did I interfere with the matter, or seek to use my political position to effect the completion of the negotiations Mr. Ballan had entered into. As already stated by me in the House, I neither wrote nor spoke to any Minister of the Crown or member of Parliament in connection with the matter. So far as I am concerned, my actions have been such that under the same circumstances I should have no hesitation in again acting as I did in connection with this matter. The title to the property was not vested in me until December, 1911, and until that was completed the only person who could legally negotiate or sell to the Crown was Mr. Ballan, the registered owner of the land. Hence the arrangement that was come to that the offer should be made in his name. I also wish to put on record a letter written to the *Lyttelton Times* in regard to this matter by Mr. James McCombs, a gentleman who opposed me at the last election to this House. He is a strong opponent and a man who has no love for me, so what I am going to read may be taken for what it is worth. I think the date of the paper is the 2nd September, 1912, and the letter states:—

“MR. RUSSELL AND RUNANGA.

“*To the Editor.*

“SIR,—There may be some surprise at my appearance as an apologist for Mr. G. W. Russell, but I suppose I am probably the only disinterested person who is acquainted with some of the facts concerning the Runanga Estate at first hand. Perhaps if those facts were appreciated Mr. Russell's critics would see the wisdom of tackling him on some other subject. On the question of general policy involved in land-deals between members of Parliament and the Government, I must say that such deals appear to me to be unwise, but in this case the negotiations had been commenced and the acquisition of the land by the Government was looked upon as a certainty long before Mr. Russell appeared on the scene as a possible purchaser. I visited Runanga on behalf of a syndicate in the middle of April, 1911, and spent a good many days in the saddle examining the property. At that time the Government surveyors had made a trial survey of a road up what I knew as Hillyer's Valley, and the pegs were in for some miles. I called at the surveyors' camp and had a meal with them. It was common knowledge that the Government intended to form this road, because it was undoubtedly the best means of opening up the Pohokura Block, which block also would unquestionably be improved by the addition of some comparatively flat land on the frontage. The whole of the estate of 34,000 acres (Runanga No. 1A) was valued at 5s. an acre, and doubtless it looks curious that the Government should pay 50s. an acre for land valued at 5s. an acre. But the portion acquired by the State was beyond any question part of the pick of the land. I knew that before I went over it. An offer of 25s. an acre had been made for the whole of the Hillyer's Valley, and had been refused. The same land in Canterbury would be snapped up at £5 an acre, and there is no doubt in my own mind that in the special circumstances the land was well worth 50s. an acre to the Government. Mr. Russell made a fair sale—I would not say a brilliant one—but the Government certainly made a good bargain. The deal was waiting for any man who cared to buy the property, and a purchaser at that time could reasonably calculate upon making the sale. The suggestion that the transaction was hurried along because Mr. Russell was a member of Parliament seems to me to be specially unfair. The Government could not act until it had the report of the departmental officers, and the surveyors' work was not complete when I was on the scene. Soon after I returned to Canterbury the surveyors, who had been investigating other possible means of access to the Government block—which consists of steep country—had to advise the Department to resume negotiations with the owners of Runanga, a decision which everybody acquainted with

the properties had anticipated. I may add that in dealing with the land I treated the acquisition of a portion of the valley by the Government as a practical certainty. Mr. Russell did not come into the matter until my offer for the property had been declined. I shall doubtless have occasion to criticize Mr. Russell on other subjects, but I know of no one else in Canterbury in a position to set out the facts here stated, and therefore I feel it incumbent on me to defend even an old opponent for an unfair attack.—I am, &c., J. McCOMBS."

The Chairman: Are you prepared to answer any questions?

Mr. Russell: No. Without any discourtesy to the Committee, I wish to say that I do not appear here as a witness. If any formal charge is brought against me in the House I shall be prepared to come here as a witness and submit myself to any cross-examination the Committee may choose to put me to. I came here to make a statement, and I have done so; and I thank you, Mr. Chairman and members of the Committee, for your courtesy in allowing me to do so.

The Chairman: On behalf of the Committee, I thank you, Mr. Russell, for your statement, which has no doubt received great consideration, and the Committee will deal with it when we come to deliberate.

WILLIAM CHARLES KENSINGTON, I.S.O., examined. (No. 10.)

1. *The Chairman.*] You were until recently, Mr. Kensington, Under-Secretary for Lands?—Yes.

2. Will you kindly make a statement to the Committee concerning the roading and purchase of part of Runanga No. 1A Block by the Government?—Yes. The whole transaction was carried through while I was Under-Secretary for Lands, and I will, in explaining the position, follow along the lines of the *précis* which has been supplied to members of the Committee. I will for the time being explain the matter as if I was Under-Secretary for Lands, and I think it would be more satisfactory if I first explained the whole position of the Pohokura Block. The Pohokura Block was purchased by the Crown in 1899—that is, the final award to the Crown was in 1899. The property that the Crown managed to purchase consisted of nearly 41,000 acres, included in twelve different conveyances to the Crown, and the price paid was 3s. per acre. Now, the Pohokura Block is situated on the borders of Hawke's Bay, but just within the Auckland Land District. Therefore any movement in the direction of disposing of these lands had to come from the Commissioner of Crown Lands at Auckland and the Auckland Land Board. There had been a number of inquiries from Hawke's Bay as to the reason why such a large block of land should not be open for selection. I brought the matter under the notice of the Commissioner of Crown Lands at Auckland, and his answer to me in every case was, "We are so pressed with the work we have to do that we have not a single surveyor we can send to that far-away portion of the district to cut the land up." I am now only accounting for the apparent delay in opening the land. Now you come to the dates shown in the *précis* which has been supplied to members of the Committee. The end of it was that I found it was quite hopeless to expect the Crown Land Board at Auckland to take this matter up *con amore*. On the 7th August, 1909, after talking the matter over with the Commissioner of Crown Lands at Auckland, who happened to be in Wellington, it was decided that we should ask the Commissioner of Crown Lands and the Chief Surveyor at Napier to take the matter in hand. Mr. Brodrick, who was afterwards Chief Surveyor in Canterbury, and now in Wellington, said he thought he could find a young surveyor to start the work early in the new year. On the 7th August, 1909, I wrote to the Chief Surveyor, Napier, to have the Pohokura survey put in hand during the year, to start about December. The reason why I said it should start about December, 1909, practically almost 1910, was that the land being so high an altitude a surveyor could not make the surveys in the winter-time, because it is too cold. On the 9th March, 1910, the Commissioner of Crown Lands, Auckland, after having corresponded with the Commissioner of Crown Lands at Napier—this was many months afterwards—forwarded me the proposed scheme of subdivision. Then there comes something which has been added since to the *précis* of correspondence—namely, that I was so intensely anxious to get the very best means of access to this land—*i.e.*, Pohokura—that I went to Napier myself on the 10th March, and personally interviewed Mr. Brodrick on the whole subject. I thought perhaps we could have got a road up the Matakuhia Valley, as I did not want to take the road up the Waipunga Valley and out of the Runanga Block, because I knew we had no power to do so, the time having expired. Every one of these Native blocks passed through my own hands, and therefore I am speaking with a personal knowledge of the facts connected therewith. I was intensely anxious to get the best road in, and I did not want to have to take it under the Public Works Act through the Runanga No. 1A Block, so I told the Commissioner and the Chief Surveyor that I thought the best thing was for me to go to Tarawera and meet Mr. Walshe on the land, and see if we could get the road in any other way. On the 14th March I was at Tarawera, and I discussed the matter with Mr. Walshe at the hotel that night. I had had a look at the country going through, and he assured me—and I knew for certain it was so—that we could not get any road to open up this land—*i.e.*, Pohokura—except by going through the Waipunga Valley. The Pohokura Block was bounded by the Runanga No. 1A Block, and it was all fenced along the boundary. It was proposed to subdivide it into small grazing-runs, but none of those grazing-runs on the Waipunga side would have had any flat land, and a man starting on a small grazing-run wants some flat land for his homestead, &c., and the greater part of the Pohokura Block is all forest. Therefore it was absolutely essential for the welfare of the settlers—not to the Department—that the Government should be able to give them a small piece of flat land extending to the proposed road. If the Crown did not do that, and did not purchase the land, the settlers would have had no road-access in to their holdings, in addition to taking the main road up the valley. The surveyor provided for 77 chains of access-

roads, but when roads are properly graded on the ground you may possibly have to make them double or treble that length. It might therefore have been 150 or 200 chains extra. I am only mentioning this to show the difficulties that exist. I discussed the matter with the surveyor, as I have stated, and I saw at once that the only thing was to take the road up the Waipunga Valley. On the 29th March I wrote to the Chief Surveyor at Auckland, and told him I had personally instructed the Chief Surveyor to take this road. I also saw at once that we were taking the road out of the very best part of the owner's freehold, where we have no right to take it, the power having lapsed. Now, under the Public Works Act you can, of course, take a road through a man's property, and then you have to go to the Court to assess what amount of compensation the man is to get; but you cannot take his other private property from him. The piece cut off and severed from a man's land you cannot take under the Public Works Act, so that if the Crown was to be able to give to each of these intending small-grazing-run holders a small area of flat land for their homesteads, the Government would have to enter into a bargain with the owner to sell to them. It was his own property, and he could demand what he liked for it—he had power to make the best bargain he could. I am putting the position from the Department's point of view. We were in this position, that if we wanted to give each man a piece of land fronting on the main road we had either to agree to the owner's terms or simply take the road alone under the Public Works Act, and let these men get into their land the best way they could. I want that point to be distinctly understood, because I want the Committee to understand that that is the reason why I recommended the Minister to give £2 10s. per acre. You will see that great care was taken in dealing with the case, and if you look at the correspondence you will see that I wrote back inquiring whether there were any other means of doing without it. The surveyor was on the ground all this time, and on the 16th December the Chief Surveyor reports, as to the portion of Runanga No. 1A between the proposed road and the Crown land, that there is no provision in the Public Works Act for taking the same, and that the owner is Mr. T. Ballan, of Christchurch. I want the Committee to understand that all through this I did not know anything about Mr. Russell or that he was negotiating for the land. My information came from the Commissioner of Crown Lands and the Chief Surveyor at Napier. On the 5th January, 1911, the Under-Secretary acknowledges the letter of the 16th December, and is glad to hear he has started negotiations with Mr. Ballan. On the 13th February the Chief Surveyor, Napier, writes reporting that he has received a letter from Williams and Kettle, acting on behalf of T. Ballan, offering to sell area referred to at £4 per acre; Government valuation in 1907, 5s.; considers offer out of the question, and asks authority to offer 15s. per acre. The Government valuation, of course, was for the whole block of 34,000 acres—not for the small portion which had been fenced in—and was made in 1907, and the valuation has increased immensely for this land up to this time. I thought the price asked was absurd, and on the 23rd February, 1911, I wrote instructing the Commissioner to break off all negotiations, to lay areas off larger, to have fewer access-roads, and asking as to other means of access being explored. On the 20th March the Chief Surveyor reports that no other roads are practicable (that was the conclusion I came to myself after being on the ground); but I was anxious that no stone should be left unturned, as I did not want to take the land from private owners. The Chief Surveyor reported that no other roads were practicable except at a prohibitive cost, and suggested that the original scheme be adhered to. Then, on the 5th May, 1911, you have this telegram from Mr. Russell to the Under-Secretary inquiring if anything more had been done towards taking road up Waipunga Valley to give access to Pohokura, to which I replied, "Understand Chief Surveyor, Napier, intends to take under Public Works Act area required for road." Then there comes on the 17th June a letter to the Minister of Lands from Russell and Anthony, solicitors, offering to sell the land at £2 10s. per acre, which is a considerable drop. My memory may not be quite accurate on this point, and I have had no personal communication with Mr. Russell at all since I retired from the Service; but I have a recollection that between the 5th May and some time early in June Mr. Russell came to my office and told me that he was thinking of purchasing or negotiating or was one of a syndicate—I did not pay much attention—to buy Runanga No. 1A Block. He said, "You are taking the road out, and it is destroying the best part of the block and destroying the water frontages, and really depreciating the value of the property very much." I said, "Yes, I have been up there myself, and I know what is being done; but we have only got to deal with the registered owner in this matter, and I prefer discussing the matter through the legal channel." He then said, using "I" or "we"—I am not quite sure which—"do not want to block the Government." I said, "I want you to understand that we want the land between the road and the Pohokura boundary, because we want to give to each one of the settlers a frontage"; and he said, "I see your position." I said I would not consider the offer of £4, but if a reasonable offer was made, and the Commissioner and Chief Surveyor at Napier considered it advisable, the Government would consider the offer; but I said "I do not know you in the matter at all, Mr. Russell, and therefore my communications must be all with the registered owner." Mr. Russell will correct me if I am wrong, but I think this was just prior to the 17th June, because on the 17th June Messrs. Russell and Anthony, solicitors, Christchurch, offered the land necessary for the road to the Government and the severance for £2 10s. per acre. My impression is that this was probably the result of what I said to Mr. Russell at the interview. I think the date of the interview was somewhere prior to the 17th June, 1911. Well, when this offer came up I felt we were in this position: that the owners of the land had the absolute power of refusing to sell any of this flat land. If you look at the map you will see a good deal of the water has been taken into the road from the Waipunga Stream, that the very best flat land has been taken, and, above all things, the land had been fenced, which the Public Works Act lays stress on. Mr. Brodrick had been succeeded by Mr. Pollen, and I judged from a conversation I had with him that they would not take anything less than £2 10s.

per acre. If we had taken the road under the Public Works Act we should have had to go to the Compensation Court, and my experience of the Compensation Court is that when you forcibly take land from a man that any ordinary compensation he asks for is generally given to him, because the Court recognizes that the land is being forcibly taken. Then, if you look again at the *précis* you will see that on the 27th June I referred the offer to the Commissioner of Crown Lands at Napier as to whether the Department should purchase the whole area, and if the circumstances, in his opinion, warranted same. I want it to be particularly noticed that I was excessively anxious to guard every loophole, that we had taken every precaution on behalf of the Crown, and that in buying this severance we were acting purely in the interests of the settlers. It did not matter one single iota as far as the Department was concerned, but in opening lands the Department has always got to consider the settlers. If the settler is going to make a good success of it you must in all cases of this kind give him a portion of flat land, and we considered that if we could possibly get the land at anything like a fair price it would pay to purchase it from the owner. The Commissioner of Crown Lands at Napier reported on the offer on the 4th July, and considered it desirable to accept. I agreed with him under the circumstances, but I had not discussed the matter with the Minister at all. Now I come to the Minister of Lands. I recommended the Minister to accept this at £2 10s. per acre. The Hon. Mr. Buddo was acting for the Minister of Lands at the time, and he naturally put his approval to my recommendation. Then by looking at the *précis* you will follow the whole thing down to completion. I do not know that there is anything further to mention except this, as I mentioned at the beginning, that the land was purchased at 3s. per acre. Now, if you look at the map and continue the boundary-lines of the small grazing-runs straight through to the road, you will see that a certain area is taken in. I just worked it out roughly myself before I came in, and you will see that one run may have 300 acres of flat land, another 246 acres, another 152 acres, and another 154 acres, showing pretty nearly 1,000 acres absorbed. If you take the cost of the land taken by the severance you would then only add to each of those runs 3s. per acre. I am only adding this land on to the first five runs that would be benefited by having the flat land added to them, and if you add the price we paid for the area severed you will find that we add to each one of those runs about 3s. per acre. That means that those small grazing-runs will stand the Crown in on a capital value at about 6s. per acre. I think the present value of that land is admitted to be 4s. or 5s. an acre, and as the Land Act says that the rental shall not be less than $2\frac{1}{2}$ per cent. on a capital value of 10s. per acre, I should assume that these lands at 15s. an acre show a very handsome margin of profit to the Crown on the transaction. I am only mentioning this from the departmental point of view. If you take the whole value of the land, the amount paid, the roading, and everything else, and put it on to these few runs it will only bring them up to a capital value of 8s. per acre; but the capital value, the amount paid for roading and fencing, must be distributed over the whole area. Finally, I might say that I think I saw Mr. Russell once again in connection with this matter. I do not remember the date, but it must have been some time before I went out of office. It may have been January or February, 1912, and I told him that we were taking the land, but that we need not discuss the matter at all. I said to him, "I do not know you in the matter; you are not the registered owner, and we only deal with registered owners." I think, Mr. Chairman, that is the whole explanation I can give. There was no delay in the matter. The delay in the beginning was the want of surveyors to undertake the work. Then there was only one surveyor and his party on the ground, and when a man has to pick up the boundary of some 41,000 acres and explore for roads, eighteen months to two years does not leave much margin of time. When the £2 10s. per acre was agreed to, as all members of the Committee know, you have then to go to the Government and Parliament has to appropriate this money. As soon as the money was appropriated I wrote to the Solicitor-General, and told him to complete the whole transaction, and we had nothing more to do with it. The certificate of title was issued direct from the Registrar-General to the Crown.

3. *Hon. Mr. Buddo.*] In regard to the question of the appreciation of the property by the acquisition of the Pohokura Block by the Crown, in such cases of the settlement of a block in small grazing-runs, Mr. Kensington, is it usual and are special efforts made to provide for building-sites?—Yes, to provide for homestead-sites wherever the Department can.

4. Would a block of hilly country such as this is benefit by the admission of a portion of the flat land for building-sites?—It is an immense advantage to it.

5. Both as regards the value on the open market as well as for settlement?—Yes, from both points of view.

6. I see the Department states "That a substantial saving has been made by the purchase of the valley." Is that so?—Most decidedly. It is almost a level road all the way, and there is a good deal of clover and grass up the valley. It is a fine level valley for a road.

7. *Mr. Forbes.*] What sort of land is the Pohokura Block—is it bush?—Yes, mixed forest.

8. Do you think 3,500-acre blocks of land are large enough?—Yes. We went into the matter very carefully, and we considered that when the bush was felled and the land grassed a man could make a very good living on the 3,500 acres, but not on the back runs. They are much larger at the back—from 6,000 to 7,000 acres. The size of the runs was very carefully considered.

9. *Mr. Coates.*] What compensation was paid for the Native land—the Runanga No. 1B?—There was no compensation—the whole block has been purchased by the Crown.

10. *Mr. Statham.*] You have given us a very concise history of the whole transaction, Mr. Kensington. In Mr. Russell's statement he says that if the valley were thrown into the block they would be able to put four times the number of settlers on the land than could otherwise have been done. Well, I should like to refer you to a letter written by the Chief Surveyor, Napier, to the Under-Secretary, in which he says, "There appears to be no alternative but to take the road up the Waipunga Valley under the Public Works Act, and give two access-roads to tap

four sections. This will be an inexpensive road to form and maintain, and the fencing will be the only item of cost, but even so it will be a better and cheaper road than any other we can get elsewhere. To enlarge the sections to 7,000 acres, as suggested, will only save one access-road, and, as they are only short ones, the expense will not be great, and I would respectfully suggest that the original scheme of subdivision be adhered to?—Yes.

11. The point there is this: that with those two access-roads you could have got the same amount of access?—With only the two roads of access we could have got the same amount of subdivision as proposed, but I found we could not deal, so I told them to knock off all negotiations, and I meant to give 9,000 acres instead of 3,500 for the runs on the frontage. That is what I meant, and that is what the Chief Surveyor meant.

12. Supposing you had abandoned altogether the idea of acquiring the land between the Pohokura Block, could you still have subdivided the land?—Yes, that was my idea.

13. Then Mr. Russell's statement that it gives four times the number of settlers could not be correct?—No. I was listening to the statement he read. I understood him to say that he thought the Government could have subdivided this into much smaller areas, of, say, 1,000 acres. He speaks as if by acquiring this severance we could then have reduced the areas of the small grazing-runs to about 1,000 acres each.

14. The question is whether the area could be subdivided into 7,000-acre lots and you could still obtain the access-roads?—Yes. I said that these access-roads would only come out at perhaps 200 chains.

15. He mentioned that the two access-roads would run out at £400?—I disagree with him.

16. To the cost of the purchase the fencing has to be added?—That is added.

17. But not in the £2 10s.?—Yes, outside that. You must fence under the Public Works Act, so that you do not take that into consideration.

18. In regard to the cost, the land was £2 10s. per acre, and there is £600 incurred for fencing?—Yes, we would have to fence. I do not think that a fair thing to take into consideration when we take the value of the land added to the value of the runs.

19. I mean the cost to the Government?—The cost to the Government has been plus the fencing.

20. Mr. Russell says he was not in a position to negotiate, and you say also that he was not in a position to negotiate because he was not the legal owner?—That is right.

21. But if a man enters into a binding contract with the owner of land and becomes the equitable owner of the land, you cannot buy from the registered owner without getting the consent of the equitable owner?—I only knew from the Commissioner and the Chief Surveyor at Napier that the owner was Mr. Ballan. My communications were all with the Commissioner and Chief Surveyor, and afterwards with the Solicitor-General. I told Mr. Russell that I did not want to discuss the matter with him.

22. Did he not say he had bought it?—He said he was either about to buy it or had bought it.

23. Would it not be a very dangerous thing for you to buy land from the registered owner if you had notice that he had sold it to somebody else?—But he had not sold it. The Crown always searches the titles at once.

24. But Mr. Russell became the equitable owner on the 13th March, 1911?—Well, he told you so; it is the first I ever heard of it. I did not know it at the time.

25. If you did not know it you could disregard it?—No, I did not know it.

26. If you had known he had entered into an agreement to purchase on the 13th March, 1911, with Ballan, would you have disregarded it then?—Yes, I think I would. I would have disregarded it because he was a member of Parliament, and I did not want to have anything to do with a member of Parliament in the transaction. That is perfectly straight. I did not want to know any one in the transaction who was a member of Parliament. I was dealing with the registered owner, and I was quite satisfied with that.

27. *Mr. Guthrie.* You said, Mr. Kensington, that if you had taken the road under the Public Works Act there were no means by which the Government could acquire the strip of land between that road and the Pohokura Block?—Yes, that is so. Under the Public Works Act if you acquire a road and there happens to come a small narrow piece—a few acres severance—then you can take that, but you cannot take it when it comes to a large area.

28. Is there no Act to give you that power?—No, not for this purpose.

29. Could you not do so under the Land for Settlements Act?—No, not under the Land for Settlements Act—not under the circumstances of the case.

30. In regard to conserving the Government interests, you thought it the better thing to take the whole block than to take the road?—Yes. I was for ten years Under-Secretary, and during the whole time I have always watched the Crown's interest in every case as strictly as possible, and in this case I absolutely considered it was to the benefit of the Crown and to the benefit of the intending settlers that we should acquire this flat land, and that is the only reason why I recommended the Minister to purchase it. I was not influenced by any other motive.

31. You considered it advisable to stop the purchase of the block at £4 per acre?—Yes, certainly. That I considered was an extravagant price.

32. At first you also considered the purchase at £2 10s. per acre was excessive?—Yes.

33. When you considered that price excessive did you take into consideration the advantage it would be to the Pohokura Block?—When I say I considered it excessive I am taking the general value of the whole block. It was excessive so far as the actual value of the whole block is concerned. I did not consider it excessive considering that we were taking away the very best land from the property, that we were cutting the road out of the property, and that we were cutting the owner off from the water-supply.

34. At first it appeared to me from the statement you made that when the £2 10s. per acre was first mentioned you thought that was then excessive?—I would not say that.

35. That was the impression you left?—The impression I meant to convey was that I considered £4 excessive. I considered that, looking at the whole of the circumstances of the case, and reading the letter written by the solicitors, and knowing the necessity, I deemed it to be best for the settlers' sake to obtain the land, and looking at the cheap rate at which the Crown had purchased the block, that the Crown could afford to give the £2 10s. per acre for this portion.

36. Were you influenced by the interview you had with Mr. Russell between the 5th May and 17th June in your decision in regard to that by anything Mr. Russell said or did?—No, nothing of the kind—it had not the slightest effect on my decision.

37. When I produced the letter of Mr. Keene's I had no intention of doing anything except clearing up any question there may have been in connection with Mr. Russell's dealing with this transaction, and therefore I desire to put four questions to you. In your opinion was it desirable that the Government should acquire this portion of the Runanga Estate?—It was, in my opinion, absolutely.

38. Was the price paid for it excessive?—Not under the circumstances.

39. Was Mr. Russell responsible for effecting the sale of this portion of the Runanga Estate to the Government?—No, not as far as the Lands Department was concerned. We did not know him in the matter at all. Mr. Statham has raised a question I did not recognize before. It appears from what Mr. Statham says that as Mr. Russell was the person who had agreed to purchase we should have consulted him, but we did not consult him in the matter. We did not look upon him as being the owner. I should have answered that unhesitatingly except for the position put by Mr. Statham.

40. You said that your only objection to dealing with him at all was because he was a member of Parliament?—Yes, I did not want to have anything to do with him in the matter.

41. You do not say that Mr. Russell was not responsible?—Mr. Russell in his statement says he accepts the whole responsibility of closing the bargain.

42. The question I asked was, was Mr. Russell responsible for effecting the sale of this portion of the Runanga Estate to the Government?—No, the owner, Mr. Ballan, was responsible.

43. It is quite evident you were careful in your dealings with a member of Parliament. Did you consider that Mr. Russell was guilty of using any undue influence with the Government for the purpose of effecting the completion of this sale?—I am certain he was not. He had nothing to do with it.

44. *Mr. Statham.*] If you had known that Mr. Russell was the owner of the part you purchased, what steps would you have taken?—If I had known Mr. Russell was the owner or that a member of Parliament was the owner, I should have preferred taking it under the Public Works Act, and not discussing the matter of the purchase of the severance at all, because then the whole thing would have gone to the Court, and the Court would have decided it, but then we could not have acquired this severed land.

45. *Mr. Forbes.*] It has been stated that the matter hung fire for a considerable length of time until Mr. Russell appeared on the scene, when the matter was put through without any further delay. Is that a fair statement of the case?—I do not see exactly what I have to do with that.

46. The inference is that on account of Mr. Russell's connection with the purchase the Crown immediately put it through?—He had nothing to do with it whatever. The delay arose out of the ordinary delays in dealing with a large block of land and the exploration of roads, and nothing else.

47. *Hon. Mr. Buldo.*] Did Mr. Russell's statement that he was either about to purchase the property or had entered into negotiations with regard to the purchase of the property in any way affect your opinion as to the acquisition of the property or the price that was to be paid for it?—Not the slightest effect.

48. Did it in any way affect the date of the purchase of the property?—No.

49. *Mr. Anderson.*] Did the Acting Minister of Lands, or the Minister of Lands, or any member of the Government approach you in this matter?—No.

50. *Mr. Witty.*] I understood you to say that Mr. Russell had left the impression on your mind that it was a syndicate, and not himself, that was purchasing the property—that he used the expression "we"?—Yes, that was my impression. I did not want to discuss it with Mr. Russell, and did not question him at all. The impression on my mind was that he was one of a syndicate that was negotiating.

FREDERICK JEREMIAH TAYLOR examined. (No. 11.)

1. *The Chairman.*] What are you?—A grazier.

2. Do you know anything about this Runanga No. 1A Block which is the subject of inquiry by this Committee?—I occupied it many years ago, but I am not there now.

3. *Hon. Mr. Buddo.*] How many years ago?—I first occupied it and put cattle on it in 1891.

4. At what time did you cease connection with the property?—In 1902 I left the Runanga part, but I am still living in the Taupo district.

5. *Mr. MacDonald.*] What is your idea of the value of the land?—I had it for sale for eleven years at 3s. per acre, and I failed to find a purchaser. In the last year of my occupation I was instructed to take half a crown an acre, but I failed to find a purchaser. That is all I know about the value.

6. That is for the whole block?—Yes, the whole block.

7. What is your idea of the value of the small flat portion along the Waipunga Stream?—It is three years ago since I was down there, but I know every foot of the country.

8. What class of land is that piece?—Well, that is no different to the rest of it. There is a creek running through the centre. About the middle of November you will get feed, but about March down comes the frost and snow. It is a very high elevation. The valley would not extend to more than half a mile wide. From the main Napier Road to the head of the valley we used to reckon was ten miles, but that was only a guess. The Waipunga River starts between the rocks, and down below it spreads all over the place, while in some portions there are patches of quicksand in which I have lost a lot of good stock. I considered the forest was my best portion, because it kept my cattle.

9. *Mr. Statham.*] Can you tell us what your opinion is of the value of the 1,400 acres acquired by the Government?—I told you what I was trying to sell it for, and I know Mr. Crawford sold it for less than 3s. an acre.

10. That is ten years ago?—Yes.

11. What is the present value?—I could not tell you.

12. Where were the patches of quicksand?—It works round about the valley.

13. Is the creek of any value to the Runanga Estate?—Every creek running through a property is of value so far as watering your stock is concerned.

14. But are you liable to lose the cattle when they go for a drink?—That is a thing you always have to risk.

15. Would the acquisition by the Government of the 1,400 acres be of any value to the big block of Government land—the Pohokura?—I could not say.

16. Do you think it would be of any value to the Pohokura Block?—It is of small value. The Pohokura Block is forest country.

17. Supposing you owned the Pohokura Block, would it be to your advantage to acquire that piece of land in the valley?—No, it would be of no use to me at all. I have plenty of water in the Pohokura Valley.

18. Well, say with regard to the road?—I have nearly six miles of frontage on to the Taupo-Napier Road. If I wanted to cut it up I would cut it up facing the main Taupo-Napier Road.

19. *Mr. T. W. Rhodes.*] What class of land is it in this flat portion?—Pumice.

20. If you were offered Pohokura, would you be inclined to give £4 an acre for the flat land?—I would take £4 an acre for it.

21. *The Chairman.*] You would take less than £4 an acre?—Yes, indeed I would.

22. How much less?—It is ten years back that the Government sold sections in the Township of Taupo.

23. We want to know the value of this portion?—I say 5s. an acre.

24. *Hon. Mr. Buddo.*] You are still a grazier in the Waipunga Valley?—Yes, I have a small freehold there.

25. And you are thoroughly acquainted with the land-values of the district you reside in?—Yes, I have been in Taupo since 1881.

26. Has there been any rise in the value of the land in the Taupo district?—There never has been in my time—in fact, I should say there has been a fall.

27. Are you aware there has been a rise in other parts of the district?—Yes, but the value is absolutely falling in the Taupo district.

28. And you have been thoroughly acquainted with the district for many years?—Yes.

29. And you could buy the land at a lower price to-day than you could ten years ago?—Yes, at a lower rate to-day, except as regards the small pieces.

30. *Mr. Anderson.*] Is this land very far from the Township of Taupo?—It is thirty-three miles to the homestead, and thirty-seven miles to the boundary of the land nearest Napier.

31. The Taupo Totara Timber Company's tramway has been in existence there for some years?—Yes, for ten years.

32. Has that had no effect on the value of land in the Taupo district?—As far as I can see it went down. The Government has sold land up there for less than they did ten years ago.

THOMAS BALLAN examined. (No. 12.)

1. *The Chairman.*] What are you?—A farmer, living at Christchurch.

2. *Hon. Mr. Buddo.*] You were the owner up till quite recently of Runanga No. 1A Block?—Yes.

3. Were you approached in any way by the Lands Department for the purpose of finding a road to front the Pohokura Block?—Yes.

4. Did you view the proposal as one which would benefit the Runanga Block to any great extent?—To a certain extent it would, but to some extent it would not. By the Government taking that portion of the land it would deprive a certain portion of Runanga of about three miles of water frontage.

5. And to that extent it would be a disadvantage to the Runanga property?—Yes.

6. Did you ever reside on the property?—No.

7. *Mr. Witty.*] You carried out negotiations with the Department for the sale of portion of this block?—No, I did not.

8. Who carried them out?—Mr. Russell.

9. *Mr. MacDonald.*] Did you have no negotiations with the Government at all?—Yes, through my agent. I did not sell to the Government.

10. But did you offer this particular piece of land to the Government through your agents—the flat portion?—Yes.

11. At what price?—At £4 per acre.

12. *Mr. Statham.*] Do you remember the date when you sold to Mr. Russell?—Yes, on the 13th March, 1911.

13. At that time were there any negotiations going on with the Government?—My last communication with the Government was somewhere about the middle of January.

14. At the time you were selling to Mr. Russell, were the negotiations in hand or had they been abandoned?—That I really could not tell you.

15. The land remained in your name for a considerable time?—Yes, until he took his title in December.

16. Did Mr. Russell make any arrangements with you to negotiate with the Government, or that the negotiations should go on in your name?—The title was in my name, and I do not suppose he could sell except by agreement.

17. Did he say anything to you about it?—No.

18. When you sold to Mr. Russell on the 13th March, 1911, until the title was given in December, 1911, did you have any negotiations with the Government?—No; my time expired on the 13th March, and I had no further connection with it whatever. Whatever transaction took place after that was done by Mr. Russell.

19. Did you have anything to do with the land from the 13th March?—No, he took possession on the 13th March.

20. Are you familiar with the portion of the land sold to the Government—the 1,400 acres?—Yes.

21. In your opinion what was the value of that land?—There was a stream right through it, and as the Government was taking a certain amount of the value off the property by taking the land it really reduced the value of it. They were getting the pick of the land.

22. Did you consider it reduced the value of the Runanga Estate?—One portion of it.

23. Was there any compensation on account of the road running up the valley—was that any benefit to the Runanga Estate?—I do not see that it would be.

24. You know the Pohokura Block, which belongs to the Crown?—Yes.

25. Did the acquisition of this 1,400 acres, in your opinion, improve the value of the Pohokura Block?—Yes, certainly. They could get no homestead-sites unless they had that piece of country.

26. Did you ever offer the Government sufficient land up there to make a road for nothing?—No.

27. *Mr. Forbes.*] You put a price of £4 per acre on the land?—Yes.

28. Was not that far above its value?—I did not reckon so.

29. You considered you were offering it at a fair price at £4 per acre?—Yes.

30. Why did you consider it necessary to offer a price so much above the other?—Because they were taking a certain amount of the water frontage and a certain amount of the flat country.

31. You considered it was of higher value on account of the severance from the water?—Yes.

32. *Mr. Nosworthy.*] You are quite clear, are you, that after you sold the property you had nothing to do with the negotiations that took place between the then owner and the Crown?—Quite clear—I am absolutely certain.

33. And you think Mr. Russell carried on the negotiations?—Yes. All the transactions ceased with me after the 13th March.

34. And they could not have taken place except between Mr. Russell and the Crown?—No, they could not.

35. *The Chairman.*] What was your agreement with Mr. Russell in regard to the land—it was an agreement to sell, was it?—Yes.

36. It was dated the 13th March?—Yes; I sold at a certain price, with the balance on mortgage.

37. And when had Mr. Russell to complete the transaction?—He took possession on the 13th March.

38. And when had he to complete the purchase?—His mortgage has four years to run.

39. Mr. Russell holds it now under a right of purchase?—He has taken his title and given me a mortgage. I did not get a mortgage in the first place.

40. Did you have no negotiations with the Lands Department in regard to taking the road up the Waipunga Valley prior to your sale to Mr. Russell?—No, only on that block you are speaking about—only on the country they took.

41. That is what I am talking about. Were you negotiating with the Government for the sale of the 1,404 acres?—Yes.

42. Did your negotiations cease with the Government on the 13th March?—Yes, as far as I was concerned.

43. I understood you to say that you thought this sale was detrimental to Runanga?—There was a big hill up one side, and the road runs abutting on to the hill, with water on one side.

44. Would not that be more than made up by the fact that this large block would be improved for closer settlement and that closer settlement would enhance the value of that land?—I dare say it would—that is, if the Pohokura Block were cut up and made into 1,000-acre or 1,500-acre blocks.

45. Has the Runanga Block got any other road-access?—Up the valley. It has been used by the Maoris.

46. Does Runanga front the Taupo Road?—The Taupo Road goes right through it.

47. *Mr. R. W. Smith.*] Will you tell me the date on which Mr. Russell received his title?—He became the owner on the 13th March.

48. You did not transfer then, but you held the title till when?—I could not say from memory when he got his title.

49. He was not the owner till he got his title?—Yes. The title was in my name, but I could not tell the date he got it. I think it would be about December, 1911.

50. So that you held the title to the land until December, 1911?—Yes, and then he gave me a mortgage.

51. Then you transferred to him and he gave you a mortgage as part payment?—Yes.
52. So that if Mr. Russell had sold any of the land between March and December, the title still being in your name you would have had to consent to the transfer?—Just so.
53. *Mr. Witty.*] Did you have any negotiations with Messrs. Russell and Anthony, solicitors?—Through my solicitor only.
54. They were not acting for you, but only for Mr. Russell?—Yes, that is so.
55. It was through them that negotiations were carried on, and not by Mr. Russell?—Yes.
56. *Mr. T. W. Rhodes.*] You say the severance injuriously affected a portion of the block: can you give us any idea of the extent of the land injuriously affected?—About 8,000 acres.
57. And what is the value of that land?—It is hard to say.
58. What is the general value of the block—is it similar to the other?—You lose the water right, and it must deteriorate to a certain extent.
59. How much per acre would that land be worth—2s. 6d. or 5s. per acre?—It is hard for me to say.
60. It was on that you based the £4 per acre?—I did not base it at per acre, but I thought the estate would suffer to a certain extent by cutting a certain portion of that frontage off.
61. What would be the value of those 8,000 acres affected?—I could not say. It might have deteriorated more than 8,000 acres.
62. At what price did you sell the whole of this estate?—Well, I think that is a matter of business between Mr. Russell and myself. I am just talking of the frontage where the water is taken away from it.
63. There was three miles of water frontage taken?—Yes.
64. And it affected 8,000 acres, more or less?—It might have affected 15,000. I could not say for certain.
65. You could not give any idea of the amount of depreciation—whether it would be 1d. per acre or £1?—No.
66. To your mind that was the justification for asking the £4 per acre?—I did not say it was my reason for asking £4 per acre for the depreciation of this property.
67. What was the reason, then?—I asked £4 per acre because I thought it was well worth £4 per acre.
68. *Mr. Statham.*] Supposing the owner of the Runanga Block were going to subdivide it, would this new road be of any advantage in that subdivision?—Yes, I suppose it would.
69. It would assist the owner of Runanga?—Yes.
70. Would the fact of that road being there increase the value of the Runanga property?—I dare say it would.
71. Do you think that the fact that you got that advantage would compensate for the loss on the 8,000 acres?—I do not think a man takes that into consideration when selling a property.
72. But as the owner of the property you would take it into consideration?—There is no doubt the country would derive great benefit by the road being put in, and the settlers on the flat, than if the road had not been put there. If the Government could have got the frontages it would have improved the district. The cutting-up of Pohokura would have improved Runanga.
73. And this road, you think, would be an advantage to the Runanga Estate?—Oh, yes.
74. *Mr. Anderson.*] We were told this morning that all negotiations by the Department for the purchase of this land after the 13th March were made through you?—All negotiations ceased as far as I was concerned after the 13th March.
75. You do not know whom they were made through, do you?—Mr. Russell carried out the negotiations as far as I can understand. He made the sale to the Government.
76. But we were told here this morning that that was not so, that you as the registered owner was the man whom the Department negotiated with?—I had no communication with the Department in connection with the property whatever after some time in January.
77. When did you commence negotiations?—I think, some time in November or December.
78. And you sold on the 13th March, 1911?—Yes.
79. And after the 13th March you had no further communication with the Department?—No, none whatever.
80. Not through the solicitors either?—No.
81. *Mr. Forbes.*] Who were the solicitors acting for you?—Mr. Charles Hill for a while, and Russell and Anthony.
82. The ex Under-Secretary for Lands said this morning that all negotiations were made with the registered owner of the property. Would you know if your solicitors were acting on that basis, assuming you as the registered owner?—They might have done so, as the title was in my name.
83. But personally you had no connection with it whatever?—No.
84. You could not say whether your name appeared in the negotiations?—It might have been done by my solicitor, but not with my consent. The transaction ceased as far as I was concerned after the 13th March. Mr. Russell was then in a position to do whatever he liked.
85. And your price was £4 per acre?—Yes.
86. And you did not suggest to the Department that you would take less?—No, my price was £4 per acre.
87. *The Chairman.*] Can you explain how the letter of the 17th June, 1911, came to be written—a letter from Russell and Anthony, solicitors, Christchurch, by authority from T. Ballan, to the Hon. the Minister of Lands, explaining position of land as affected by road to be taken and offering to sell the road-area and area severed at £2 10s. per acre. Was that done with your authority?—It was done through my solicitor.

88. That was after you had parted with the land to Mr. Russell?—Anything that was done before my solicitors had in hand, and whatever Mr. Russell was prepared to do after the 13th March was done “on his own.”

89. Were you consulted about the offer of £2 10s. per acre?—No, sir.

90. What is your explanation of this letter from Russell and Anthony offering to accept £2 10s. per acre in your name, although you had given a right of purchase to another man?—I was not aware it was offered to the Government at the price. I never knew the price at which it was sold to the Government till I saw it in the newspapers.

91. Do you adhere to the statement that after the 13th March you had no communication with the Government in regard to this purchase?—Certainly.

92. *Mr. Nosworthy.*] Are we to understand that after the sale of the property Messrs. Russell and Anthony, who were solicitors for G. W. Russell, that they were acting on behalf of both of you?—No, on behalf of Mr. Russell. Mr. Fraser was my solicitor for a time, and there was some communication with Mr. Charles Hill, also my solicitor, and Russell and Anthony, and I told my solicitor that anything that transpired had to be done on behalf of Mr. Russell and had nothing to do with me.

93. Messrs. Russell and Anthony were not acting for you, but acting for Mr. Russell?—Probably my solicitor might have given them the use of my name to get the transaction put through, but it was not with my consent.

94. You gave them no authority to do so?—I would not be positive on the point. The thing was just wavering, and I took no more notice of it after the sale to Mr. Russell.

95. We have been told that the Crown negotiated with you, and not with Mr. Russell after he became the purchaser?—The negotiations were with Mr. Russell, and not with me.

96. *Mr. Statham.*] Did Messrs. Russell and Anthony charge you for writing the letter of the 17th June?—I never got any account for it, except perhaps in my solicitor's costs.

97. *Mr. Witty.*] Did you give your solicitor, Mr. Hill, power to deal with Messrs. Russell and Anthony?—Probably I might have.

98. If that were done he would be empowered to negotiate with Messrs. Russell and Anthony, who were negotiating with the Government?—Yes, probably. I meant to sell to Mr. Russell, and then I let the matter drop.

99. And you left the matter in the hands of your solicitor to carry out?—Yes.

100. *Mr. Guthrie.*] This land could not have been transferred to the Government without your consent, because you held the title to it?—There were two mortgages on the property.

101. What portion of the purchase-money did you receive?—I received 5s. per acre.

102. And when was that bargain made?—I really could not say what time it was, but when Mr. Russell approached me on the subject through my solicitors he wanted to know if he sold any portion of the land would I be prepared to take 5s. an acre for any portion of the land he sold, and I told him I would be quite agreeable. I was not aware he was negotiating with the Government at the time.

103. *Mr. Nosworthy.*] But you knew you had negotiated with the Government for £4 per acre?—Yes, I told Mr. Russell that. I had nothing definite to say that the sale had stopped.

104. *Hon. Mr. Buddo.*] You stated that you thought it was quite possible that your solicitor instructed Messrs. Russell and Anthony to act?—It was quite possible. I was down in Geraldine at the time of the correspondence.

105. And it was quite possible that your solicitor, acting in your business, had instructed Russell and Anthony?—Yes.

106. *Mr. Statham.*] Are you sure that the amount you got on realizing on that portion of the land was not 10s. per acre?—I only got 5s.

107. *Mr. Nosworthy.*] Is it not usual for a solicitor to advise his client of all correspondence and what he is doing in connection with his business? Am I to understand that your solicitor had a right to write to Russell and Anthony without consulting you and without having your authority?—I suppose my solicitor would protect my interests.

108. *Mr. Statham.*] Did you authorize your solicitor to allow Russell and Anthony to use your name in any negotiations?—Possibly I might have. I seemed to get the whole thing off my mind when I made the sale to Mr. Russell.

109. You had nothing more to do with it personally?—No, not after the sale to Russell.

110. *Mr. R. W. Smith.*] You said you got the thing off your mind when you made the sale to Mr. Russell: you then left the matter in the hands of your solicitor?—Yes.

111. And your price was £4 per acre?—Yes.

112. Would you have taken £2 10s. per acre?—I question whether I would or not.

ROBERT AIMERS PATERSON examined. (No. 13.)

1. *The Chairman.*] What are you?—Chief Accountant in the Lands Department.

2. Will you state to the Committee what you know of this transaction in connection with the Runanga Estate?—Personally, I know nothing of the land. I have not been on the land, but I know of the transaction in connection with the details of the purchase, and so forth.

3. *Hon. Mr. Buddo.*] You had to do with the correspondence between Messrs. Russell and Anthony and the Under-Secretary for Lands, did you not?—No, I did not conduct the correspondence. I was away at the time that was done, but it all came under my notice immediately on my return.

4. *Mr. Anderson.*] Can you substantiate what has been said in regard to the carrying-on of the negotiations? We have been told by one witness that the negotiations were conducted with the registered owner of the land, and the registered owner of the land says they were not con-

ducted with him. Can you give us any explanation on the matter?—In the first place, the Commissioner of Crown Lands communicated with the registered owner, Mr. Ballan, and then the subsequent correspondence with the Commissioner was through Messrs. Williams and Kettle, agents in Napier. Then subsequent to that the negotiations came from Messrs. Russell and Anthony, who stated in a letter to the Minister that they were acting by the authority of Mr. Ballan. Outside of that we knew of nobody else. If a firm wrote to us stating that they are acting by the authority of the registered owner we accept that. That was borne out later, when the Department received authority from Mr. Ballan, who was the registered owner, to pay the money due for the 1400 acres to Messrs. Bell, Gully, Bell, and Myers, solicitors, Wellington, who were acting apparently on behalf of Messrs. Russell and Anthony in the transaction. The Solicitor-General was acting for the Department, and between him and the firm of Bell, Gully, Bell, and Myers the transaction was completed and the money paid over.

5. Then you actually had the authority of Mr. Ballan?—In December, 1911, we had the authority of Mr. Ballan to pay the money over to Messrs. Bell, Gully, Bell, and Myers.

6. *Mr. Statham.*] Did you know of the sale from Ballan to Russell on the 13th March?—No, I knew nothing whatever about that. The first I knew of that matter was a letter written to the newspapers by a Mr. Keene.

7. So that up to the time of the settlement and the 23rd December, 1911, you thought you were dealing with Ballan alone?—Yes.

8. Was that not before December, 1911?—Yes, in June, I think.

9. Did Mr. Russell come in contact with you personally during all that time?—No, I have never spoken to Mr. Russell in my life.

10. *Mr. Guthrie.*] Did you issue the cheque?—The voucher passed through my hands, but the cheque was issued through the Treasury.

11. Whose name was the cheque made payable to?—The Treasury cheques are not made payable to any one, but to a number.

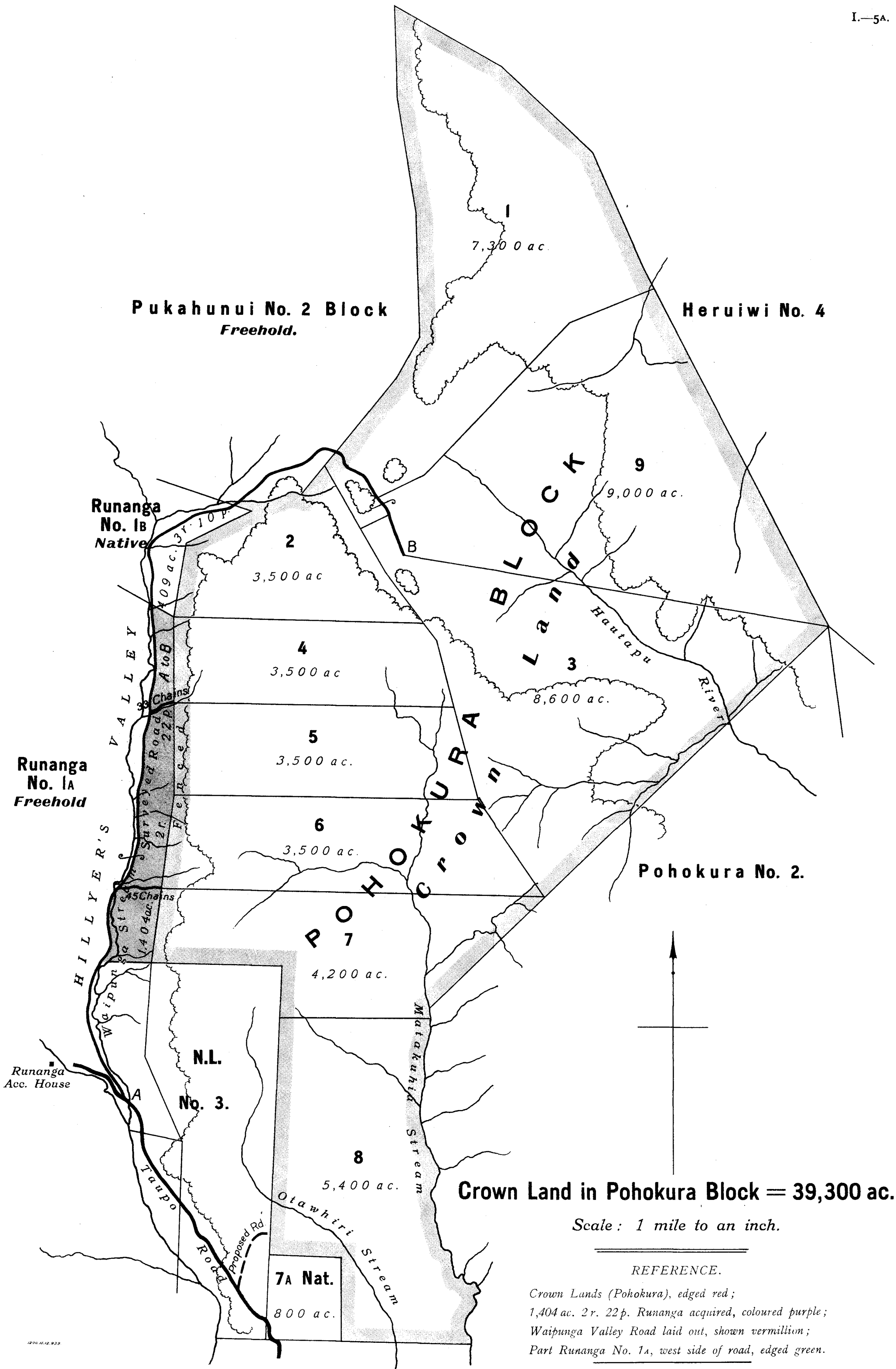
12. And in whose name was the voucher made out?—"T. Ballan; authorized agents, Bell, Gully, Bell, and Myers, Wellington."

13. *The Chairman.*] Were you cognisant of the negotiations from 1909?—Yes, I was aware of all the negotiations.

14. Were you interested in the financial part of the transaction—in attending to that?—Yes.

15. Did you ever get any information of the transfer of this property from Ballan to anybody else?—The only information I had was from a search I had made at the Deeds Office in Auckland after the Public Accounts Committee had referred to the matter here, and I found out the exact dates, the purchase-money, and other dealings in connection with it.

16. Then, so far as you were concerned, your Department was dealing with Mr. Ballan?—Yes, so far as I was aware.



APPENDIX.

CORRESPONDENCE.

SIR,—

House of Representatives, 24th September, 1912.

I am instructed by the Chairman of the Lands Committee, Mr. E. Newman, to acknowledge receipt of your letter of to-day's date, covering letters received by you from Messrs. Hill and Frazer, and Messrs. Russell and Anthony.

Mr. Newman desires me to inform you that he will have great pleasure in laying the letters before the Committee.

I have, &c.,

W. COLLINGS,

Clerk, Lands Committee.

G. W. Russell, Esq., M.P., House of Representatives, Wellington.

DEAR SIR,—

Wellington, 24th September, 1912.

I beg herewith to enclose for your information letters received this day from Messrs. Hill and Frazer, solicitors, and also from Messrs. Russell and Anthony, *re* the proceedings antecedent to the purchase of part of Runanga No. 1A by the Crown.

Yours faithfully,

E. Newman, Esq., M.P., Chairman, Lands Committee.

G. W. RUSSELL.

Christchurch, N.Z., 23rd September, 1912.

DEAR SIR,—

Re *Runanga No. 1A*.

Herewith we hand you letter from Messrs. Hill and Frazer with reference to their acting for Mr. Ballan in connection with the transfer of part Runanga to the Crown. We confirm the statement therein contained that negotiations for sale were conducted in Mr. Ballan's name, with his consent, and that his own solicitors, Messrs. Hill and Frazer, acted for him in the matter.

Yours faithfully,

G. W. Russell, Esq., M.P., Wellington.

RUSSELL AND ANTHONY.

Christchurch, N.Z., 21st September, 1912.

DEAR SIR,—

Re *Ballan to The King: Runanga No. 1A*.

This is to certify that we acted for Mr. Thomas Ballan in conjunction with your own solicitors, Messrs. Russell and Anthony, in connection with the transfer of part of Runanga No. 1A to the Crown, and that the negotiations for the sale were made in Mr. Ballan's name with his consent, and that we acted for him in the matter.

The transfer was approved by us, and the proportion of the purchase-money agreed upon between Mr. Ballan and yourself was received by us on his account.

Yours faithfully,

G. W. Russell, Esq., M.P., Wellington.

HILL AND FRAZER
(per R. E. GEE).

SIR,—

House of Representatives, Wellington, 15th October, 1912.

Acting under instruction of the Chairman of the Lands Committee (Mr. E. Newman), I have the honour to forward you herewith a copy of the evidence given before the Committee in connection with Paper No. 226 C, "Details in connection with the Purchase and Fencing of Part of Runanga No. 1A Block."

I am also instructed to inform you that, if after perusal of the evidence you should care to give or bring any further evidence on the matter, the Committee will be pleased to hear it. Would you kindly notify the Chairman what date will be suitable for you to bring forward such evidence (if any).

I have, &c.,

W. COLLINGS,

Clerk, Lands Committee.

G. W. Russell, Esq., M.P., House of Representatives, Wellington.

DEAR SIR,—

Wellington, 16th October, 1912.

I beg to acknowledge receipt of your letter of the 15th instant, covering printed copy of the evidence taken in the Runanga land inquiry.

I have read the same through, and see no reason for prolonging the inquiry.

Please convey to the Chairman and Committee my grateful acknowledgments for the courtesy extended to me in your letter.

The Clerk, Lands Committee.

Yours faithfully,

G. W. RUSSELL.

House of Representatives, Wellington, 18th October, 1912.

Runanga No. 1A Block.

SIR,—

In connection with the purchase of the above block it has been stated before the Committee that the only alternative to the method adopted in the case—viz., a purchase from Mr. T. Ballan—was to have the land taken under the Public Works Act. The Committee has asked me to obtain from the Solicitor-General an opinion as to whether or not the land could have been taken under the Land for Settlements Act. I would therefore ask you to forward the question to him, with a request that the matter be treated with urgency.

I have, &c.,

EDWARD NEWMAN,

Chairman, Lands Committee.

The Hon. the Minister of Lands, Wellington.

The Chairman of the Lands Committee.

Runanga No. 1A Block.

I AM asked to advise whether this land could have been taken by the Government under the Land for Settlements Act. I am of opinion that it could not have been so taken for the purpose for which it was required. I understand that it is a strip of land lying between the Pohokura Block of Crown land and a line selected as that of the nearest convenient road for affording access to the subdivisions of that block. The purpose of its acquisition was therefore to give access to this road, and the land so acquired is to be incorporated in the Pohokura Block and disposed of accordingly as ordinary Crown land under the Land Act. The purposes for which land can be acquired under the Land for Settlements Act are set out in section 6 of that Act, and are the following:—

- (a.) Providing land for settlement:
- (b.) Providing land as sites for homesteads for neighbouring pastoral Crown land:
- (c.) Providing low-lying land necessary for the working of neighbouring pastoral Crown land:
- (d.) Exchanging high land suitable only for pastoral purposes for low-lying or agricultural land:
- (e.) Consolidating any estate acquired under the Land for Settlements Act or readjusting its boundaries.

The present case falls within none of these provisions. If the land had been acquired for settlement under (a) it could not have been incorporated in the Crown block and disposed of under the Land Act, but must have been disposed of under the thirty-three years renewable lease system established by the Land for Settlements Act. The subdivisions of the Pohokura Block could therefore not have been extended over the purchased land so as to obtain road-access.

Nor does the case fall within (b), (c), or (d), the land not having been acquired for any of these purposes.

Nor does the case fall within paragraph (e), since although the land was needed to readjust the boundaries of the other block, that other block is ordinary Crown land, and is not an estate acquired under the Land for Settlements Act.

JOHN W. SALMOND, Solicitor-General.

Crown Law Office, 21st October, 1912.

Solicitor-General's Office, Wellington, 30th October, 1912.

The Hon. the Attorney-General.

Runanga No. 1A Block.

WITH reference to the opinion given by me to the Chairman of the Lands Committee on the 21st instant, this opinion was based entirely on the assumption of fact that the land in question was taken for the purpose of providing road-access to the neighbouring Crown block known as Pohokura. Whether this assumption is correct is a matter of fact on which I am not competent or entitled to express any opinion. I did not understand, however, at the time I gave my opinion that the question was in dispute. If, however, the land was as a matter of fact acquired genuinely for the purpose of providing low-lying land necessary for the working of the adjoining Crown land, or in order to provide sites for homesteads for that Crown land, there is no doubt that as a matter of law the land might have been acquired under the Land for Settlements Act, and not less so because road-access might have been a further consideration in the acquisition of the land. As a matter of expediency, however, and sound practice, it seems to me clear that the land ought not to have been acquired under the Land for Settlements Act, but should have been acquired as ordinary Crown land. As ordinary Crown land, it can be effectively incorporated in the neighbouring Crown block, subdivided so as to form parts of the subdivisions of the Crown block, and disposed of on the same tenure as the Crown block. If, on the other hand, it had been acquired under the Land for Settlements Act, grave difficulties in its administration and disposition would have resulted. If it had been acquired as low-lying land under paragraph (c) of section 6 of the Land for Settlements Act, I am not aware that there would have been any power whatever of incorporating it in the Crown block or disposing of it otherwise than by way of thirty-three-years renewable leases under the Land for Settlements Act. Had it been acquired as sites for homesteads under paragraph (b) it would have been possible to have disposed of it under section 59 of the Land for Settlements Act, but this section provides a very imperfect method of incorporation in the neighbouring Crown land, and the results would have been far from satisfactory.

JOHN W. SALMOND, Solicitor-General.

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