

1876.

NEW ZEALAND.

## TAIRUA INVESTIGATION COMMITTEE.

(LETTER FROM MR. J. W. PREECE RELATIVE TO LAND TRANSACTIONS INQUIRED INTO BY THE COMMITTEE.)

No. 1.

Mr. PREECE to the Hon. the NATIVE MINISTER.

SIR,—

Auckland, 19th June, 1876.

I have the honor to address to you a few remarks on a matter which affects myself in relation to certain land transactions which formed the subject of an inquiry before a Committee of the House of Representatives during last Session of the Assembly, and in which it appears to me there has been on the part of the Committee, or at all events some of its members, quite a misunderstanding as to the true position I held in the matter, and as to the facts of the case as far as I am personally concerned; and, with all due respect, I think that, as my name was so freely made use of, and that not at all times in a manner very favourable to myself, it would have only been reasonable fair-play that I should have had an opportunity of appearing before that Committee before it came to any conclusion on the subject, more particularly as my name is mentioned in their report.

I have not until a day or two ago perused either the report or the evidence attached to it of the Tairua Investigation Committee, for I was not aware until a short time back that there was anything contained in it which in any way reflected on me; and, being in my own mind unaware of having done anything improper, it did not interest me to look into the matter.

It is therefore with the object of giving you information as to my true position in those matters, in order that you may, if opportunity should offer, be able to state what the facts were, that I now address you, as well as with a feeling that, holding as I do the very responsible and trustworthy appointment of Land Purchase Agent in the Government service, it is due to myself, and to you as the chief of the department in which I serve, that I should distinctly state the facts, and set at rest any doubts which may be in the minds of either the Government or the public by what appears in the proceedings before the Committee, before which I had not the opportunity of appearing, or the knowledge that there was any necessity for my asking to be permitted to appear.

With respect to the purchase of the Tairua Block by the Government, it is stated in the report of the Tairua Investigation Committee,—“It was one of several blocks reported on by Mr. Preece, in respect of which the recommendation required by the Immigration and Public Works Amendment Act had been made by provincial authorities;” and in page 41 of the minutes of evidence, question 883, I notice the Chairman asks yourself, “Did Mr. Preece in his letter in any other way inform you that he was to be made principal owner of the 36,000 acres in the Tairua Block?” to which you answered in the negative; which is followed by another question by the Chairman, supplemented by an explanation of the meaning of the question, which shows that he was under the impression that I had been guilty of advising the Government to purchase this land for the purpose of benefiting myself in some way or other.

The question is as follows, namely,—“No. 884. Then the whole of this negotiation went on on the recommendation of the very man who was to get the advantage of it? What I mean is this: Mr. Preece, in conjunction with Mr. Graham, was to get from Mr. Mackay the timber on the block of 36,000 acres for ninety-nine years. Now, he is the writer of a letter to the Government hurrying it on; and on the recommendation of that person the whole thing takes place.”

With regard to the recommendation to the Government to purchase the land, I am not aware of ever having made any recommendation to the Government to purchase the 36,000-acre block at Tairua, or any other block that I am aware of, excepting that at some time before the survey of the Tairua Block my firm (Preece and Graham) wrote a letter to the Superintendent offering our services in the acquisition of land for the Government, and suggested the purchase of a portion of land at Tairua, on which there is no timber. Nothing came of this, as the whole Thames District was shortly afterwards

given to Mr. Mackay to purchase. This was the only letter I wrote in which in any way I "recommended" the Government to purchase land at Tairua, and it was in reference to such portion only of the block as contained no timber of any value.

I did write another letter, but, as far as I can recollect, there was no recommendation of any sort in it. It was merely a formal statement, written in Mr. Mackay's absence, with reference to blocks which he had for some time before been instructed to purchase, and for which he had for a considerable time been in negotiation; but it was necessary, in order to get the advance of money to complete them, for a written application to be made in reference to the same.

It was in this way: Mr. Mackay had been instructed by Mr. Ormond in March, 1872, to purchase the freehold of a very large extent of land in the Thames Peninsula, certain portions of which, he was informed by Mr. Mackay in an official report, was subject to existing agreements between the saw-mill owners and the Natives, of which the Tairua Valley is particularly mentioned. With this information before him, Mr. Ormond gave Mr. Mackay instructions to purchase the land subject to these agreements. I was at that time acting as a private land agent, and was asked by Mr. Mackay if I would assist him in the purchase of these lands. I consented to do so, he dividing with me the commission which he was to obtain. I had no connection whatever with the Government in the matter, nor had I any communication with them but the one above referred to. About November, 1872, I having been attending the sitting of the Native Land Court at the Thames with Mr. Mackay for some time, was coming up to Auckland on some business of my own, and Mr. Mackay, who was very busy at the time I left, in Court, asked me to call on Dr. Pollen and ask him to furnish him as speedily as possible with funds to complete the purchase of those lands which had then passed the Court. I called on Dr. Pollen and delivered the message, and he asked me why Mr. Mackay had not written him a letter making the application. I told him that I came away in a hurry, and that Mr. Mackay was pressed with work, and had asked me to call. He told me it was necessary to have a written application, in order to know what blocks of land the money was required for, and asked me which blocks of land had passed the Court. I wrote down a list of the blocks which had up to that time passed, of which I believe the Tairua Block, 36,000 acres, was one. He then told me to write him a letter on the subject, which I did on the spot, at his table. I kept no copy of the letter, looking upon it as a mere formal document for the purpose of getting the money which Mr. Mackay required, and had asked me to speak to Dr. Pollen about. If I recollect rightly, Mr. Gillies, the then Superintendent, was present at the time.

Having made no copy of the letter, I have no means of referring to it now; but I feel satisfied in my own mind that I made no recommendation whatever in it as to the advisability or not of purchasing either the Tairua Block, or any of the blocks mentioned therein. Had I, as stated by the Chairman of the Committee, written "a letter to the Government hurrying it on," and that, on my "recommendation, the whole thing took place," I should, as was my usual habit, have written the letter in my office, and copied it in my letter-press book, and the letter would have been replied to, which was not the case in this instance—at all events, I received no reply.

When I wrote the letter at Dr. Pollen's table, I was, as a matter of fact, aware that the purchase of the Tairua Block, as well as that of the other blocks named in that letter, had for some considerable time before been decided on by the Government, and that Mr. Mackay had received instructions to purchase them; and I was also aware that the Government were fully cognizant of the timber rights by which they were encumbered; so that, under those circumstances, it was quite unnecessary for me to offer any recommendation regarding them, beyond the question of the advance of money, which I may or may not have said it was desirable to make without delay: I cannot remember whether I did or not. But of this I am satisfied, these purchases did not originate, or "the whole thing take place," as the result of this letter, for the Government had been then for some time in negotiation for them, and that without any suggestion whatever from me; nor did I even express myself in any way to the Government that it was desirable to purchase the Tairua Block above referred to, for the simple reason that I was never employed by the Government in the matter, or consulted on the subject. I was employed by Mr. Mackay to assist him, and was paid by him for my services; and I acted for no other parties in reference to any of these lands in which I was so employed by Mr. Mackay than to assist him in the purchase of the land for the Government. I was not the agent of Messrs. Seccombe and Son in any way, nor had I or my firm (Preece and Graham) ever acted for them in any way whatever, either directly or indirectly; but at one time, a few years before, we were retained to act against them in their rights to the timber on this very block of land, but we abandoned it after looking into the merits of the case. Nor was I or my partner, Mr. Graham, instrumental, directly or indirectly, in inducing the Natives to sign the lease of the Tairua Block to Messrs. Seccombe and Son; nor had either of us, at the time the lease to Mr. Seccombe was signed, contemplated or conceived an idea of purchasing any interest in the Tairua Mill, or the forests connected with it; but a proposal was made to us a very short time afterwards to go into the matter, to which I shall presently allude.

At the time the titles were being perfected for Messrs. Seccombe and Son by Mr. Mackay, as their agent, with the consent of the Government, and for some three or four months previously, the Tairua Saw-mill and forests were advertised for sale in the Auckland newspapers—application to be made to Messrs. J. S. Macfarlane and Co. Shortly after the Tairua lease was signed to Messrs. Seccombe, Mr. John McLeod (who had been for some time fruitlessly endeavouring to induce some one to join him in the purchase of this property from Mr. Seccombe) met my partner, Mr. Graham, in Auckland, and made a proposal to him that if he would purchase the property, he (Mr. McLeod) would find sufficient support from other parties to enable him to carry on the working of the same—which is, after all, in a saw-mill, the greatest outlay of cash—and that the only money required to be found by the purchasers of the property would be the purchase-money itself; that he would undertake to produce the timber at a certain price per hundred feet without any advances from us, but to be paid for as delivered at the ship's side.

This conversation took place in Auckland; and Mr. Graham, after some consideration, said he was prepared to entertain the matter if I would consent, so he proceeded to the Thames to see me on the subject. After discussing the matter with him I consented to go into it, provided the property could be purchased at a reasonable price, and after inspection of the machinery by Mr. McLeod. As to the

forest, I was satisfied with Mr. Graham's description of it, and what I had heard of it as a matter of notoriety, that Mr. Seccombe's forest was considered the best timber property in the country. I myself had never seen it, nor did I see it for some six months after I had become part proprietor of it.

We ultimately, either towards the end of December or early in January, I forgot which, purchased the property consisting of the Tairua Mill and all the forests connected with it (some of which, including the 36,000 acres, there were then titles to, and some of which were not completed), for the substantial sum of £5,250, the whole of which money was paid in cash, by instalments, within a period of twelve months. Since then we have built driving dams, made roads, blasted masses of boulders for many miles in the various creeks, and in a variety of ways opened up the forests and creeks, and produced a steady supply of timber from the mill, having, during the last two years and a half, produced over six millions of feet of timber; during which time we have given steady employment to an average of about seventy-five hands regularly at Tairua itself, besides the employment we have given seafaring men in shipping the timber away to other ports, and the large support we have given to the different iron trades in Auckland and at the Thames, by the sums of money we have expended in machinery; with regard to which I may say that we have spent, in repairs and improvements to the machinery of the saw-mill, no less than a sum of £3,000, every shilling of which has gone into the pockets of the tradesmen and artisans in Auckland and the Thames; in fine, I may say that I can show by the books of Preece and Graham, and the subsequent books of Preece, Howard, and Co., that the Tairua Mill, forests, and improvements, have cost us up to the present time a sum of not less than £24,000; and that with the exception of the purchase money and what has been spent in materials, which together only form a small portion of the whole (probably one-third), that money has been expended in actual labour, and that besides that total amount which is the actual capital outstanding, there has been an expenditure of some £6,000 per annum in the cost of producing the timber, which of course has been recouped by the sale of the same.

I mention these figures (and I can vouch for their accuracy, in round numbers) to show that in purchasing the Tairua property my firm were not obtaining a valuable property for a mere nothing, but, as I have shown by the fact of its having been advertised for sale for so long a time without finding a purchaser, we were giving for it a price which could not elsewhere be obtained; and I was quite alive to the fact at the time we purchased it that it could not profitably be utilized without the annual expenditure of very large sums of money, and had I known at the time that my firm would have had to take the whole onus of producing the timber on ourselves (as we had to do, in consequence of Mr. McLeod failing to carry out his agreement), I should for my part have had nothing to do with it, nor would my partner.

I reiterate the statement, and am prepared to do so in a more solemn manner, that at the time I wrote the memorandum or letter to Dr. Pollen, asking for money for Mr. Mackay to purchase these and other blocks of land, I had not the most remote idea that I should ever become in the smallest way the part owner of the Tairua Mill and forests; nor, as I have stated before, did I contemplate it at the time of the sale of the freehold to the Government.

I notice that in page 40, No. 880, Mr. Sheehan states, "I was a member of the Executive, and I am sure that I and my colleagues had no knowledge of these timber transactions." I can only say that Mr. John Sheehan was the solicitor who drew up the primary agreement entered into between Messrs. Seccombe and Preece and Graham for the purchase of these timber properties and mill, and that he acted in that as the solicitor of Preece and Graham, and he so acted personally.

I may say that these transactions took place at the latter end of 1872; and at that time, and both prior to and from that time forward up to the 24th February, 1875, I was a private Native Land Agent, and in no way employed by the Government; in fact, I had, as you are aware, declined employment, and that the only work I did which was in any way connected with the Government was the purchase of these blocks, in which I was employed by Mr. Mackay privately to assist him, being quite unknown to the Government in the matter, as Mr. Mackay was the only recognized agent, and that I neither assisted in the procuring of timber-leases for persons on these blocks, nor was I asked to do so, or employed or connected with these leases in any way until after the purchase by my firm of Mr. Seccombe's interest in the Tairua forests, which, as I have before stated, was after the lease of the Tairua Block to Messrs. Seccombe, and the sale of the freehold of the same to the Government. I was aware of all these rights and leases at the time I was assisting Mr. Mackay in obtaining the freehold for the Government, and I had seen documentary evidence to show me that Mr. Mackay was instructed by the Government to respect the same; but I had nothing to do with them, simply because I was not employed by any of the parties connected with them.

To return to the question No. 884 itself, without the explanation—namely, "Then the whole of this negotiation went on on the recommendation of the very man who was to get the advantage of it?"

I presume by this, and it is clear by the explanation which follows the question, that it is meant that the purchase of the freehold by the Government of the Tairua Block, after the lease of it by the Natives to Mr. Seccombe for forty (not ninety-nine) years, would be advantageous to the lessee. Whatever any one else's opinion may be on that subject, I consider that such purchase by the Government of the freehold from the Natives, lessened by a great deal the value of the lease; for, in the first place, it precluded for ever the lessee from obtaining the freehold for himself, which would have given him a far more substantial "property" than a lease, in which it is expressly stated that it is "only to give full effect to the sale, license, and grant" of the timber. It is quite certain that had the Government not purchased the freehold of that property as they did, on the recommendation of the provincial authorities, that no one else would have entertained the question; and it would have only been a matter of time for the lessee to have procured it for himself, which would have greatly enhanced the value of his property, and have been worth more to him than the sum represented by the price it cost the Crown: it would have then been beyond the power of the Government to proclaim it as waste lands of the Crown, and as a portion of a gold field. In fact, the knowledge I possessed of the Government having become the proprietors of the freehold, was felt by me, at the time of the proposal to me to join in the purchase of the interest in the lease, to be a stumbling-block in the way of making the property of the value as an estate which it could have been made had the Natives remained the landlords; and I have always been, and am still, of the same opinion.

The value of the property has been enhanced fivefold by the great expenditure we have made in the development of it; and although I have now disposed absolutely of all my interest in it, as also has my former partner, Mr. W. A. Graham, I feel it my duty, both to myself and him to have written this letter, to show that at the time I, as a member of the firm of Preece and Graham, was assisting Mr. Mackay in the purchase of the freehold for the Crown, neither of us for one moment contemplated ultimately becoming the purchasers of Mr. Seccombe's interest in the timber rights.

The Hon. Sir Donald McLean, K.C.M.G.,  
Native Minister, Wellington.

I am, &c.,  
J. W. PREECE.

## No. 2.

### MEMORANDUM by Mr. PREECE.

SINCE writing the foregoing letter, I have seen, among other printed papers, a copy of my letter to Dr. Pollen, which fully confirms my statement that I did not of myself recommend any purchase of the blocks named therein, but merely stated what Mr. Mackay had requested me to do as to the "advance" of the money; in fact, as Dr. Pollen states in his letter, I wrote "by direction of Mr. Mackay."

I also notice in those papers that it had been stated that the Tairua Reserve was unknown before the proclamation of Tairua as a gold field. I may say I was present at the time the deed of sale of Tairua to the Crown was signed, and saw Mr. Mackay make the indorsement on the deed at the time. I have read Mr. Mackay's statement regarding the matter in those papers, and I think it only just to him to state that he has stated the circumstances correctly. The Natives wanted 2s. per acre for the land, but eventually agreed to take a sum of £2,900, on the condition that they should be permitted to select a thousand acres out of the 36,000 acres, in two blocks, where they pleased; but at the same time they mentioned Pukioire and Te Karaka as the places where they desired to have it.

23rd June, 1876.

J. W. PREECE.

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1876.