

1. The following are the transactions and their dates [*Vide* pages 1 and 2.] :—
2. The scrip used before the 31st December, 1889, seems to have been properly used under "The New Zealand State Forests Act Amendment Act, 1888," as it bears the indorsement of the Commissioner of the Auckland Land District, with the sanction of the Minister of Lands; save that more than £500 was used by one person. The cases in which that occurs are marked with an asterisk (\*), and, so far as more than £500 was used, the use was unlawful. The transferee of the scrip seems to be limited to £500, if he takes advantage of the 1888 Act.
3. The scrip that has been used after the 31st December, 1890, was, in the opinion of your Committee, unlawfully used on two grounds:—

- (a.) That so issued after the passing of the Act of 1888 was not used under that Act, as section 3 was not complied with, the scrip not having been presented to the Hon. the Minister of Lands prior to the 30th June, 1889, for his indorsement.
- (b.) The scrip was used after the 31st December, 1890. It will be seen from the perusal of the decision of the Court of Appeal, in the case of Paterson and another *versus* Humphries (New Zealand Law Reports, Vol. viii., pp. 297–307), that the scrip could only be used in the provincial district in which the tree-planting had taken place, unless the terms of the third section of "The New Zealand State Forests Act Amendment Act, 1888," had been complied with; and these provisions were not complied with by the holders of the scrip.

4. Part of the scrip was exercised by Mr. A. E. G. Rhodes, M.H.R., on behalf of Mrs. Jessie Rhodes. Before Mr. Rhodes purchased the scrip, he obtained the opinion of the officers of the Lands Department in Canterbury, and he was informed that the scrip was in order and could be used in the purchase of land. Your Committee are convinced that the scrip was tendered by Mr. Rhodes, and accepted by the Receiver of Land Revenue, in perfect good faith under the impression that it was valid and negotiable in Canterbury for the full amount named upon it; and that no charge whatever can be made against either of them in regard to these transactions.

5. That, though the scrip could not have been used in Canterbury, it could have been used in the purchase of land in Auckland to the amount of its face-value.

6. That the Crown grants should be issued for the lands in respect of which the said scrip was received.

7. That the officers of the Land Department did wrong in accepting the scrip from Mr. Rhodes, and in disregarding instructions issued to them in June, 1890. They seem to have overlooked these later instructions, and to have been guided by memoranda and telegrams sent to them in December, 1889. At that period the Hon. the Minister of Lands seems to have come to the conclusion that the scrip should be allowed to be used in any part of the colony, and to have disregarded or misunderstood the decision of the Court of Appeal in the case of Paterson and Another *versus* Humphries, already referred to.

*Resolved*, in the first line of the report, to insert the words "taken evidence and" before the word "considered," and to insert the word "were" in lieu of the word "was" after the first word "which" in the second line thereof.

Paragraph 1, 2, and 3 agreed to.

Paragraph 4.—*Resolved*, on the motion of the Hon. the Premier, To strike out the first words "Part of the scrip was exercised by Mr. A. E. G. Rhodes, M.H.R.," and insert in lieu thereof the words "Mr. Knorpp's scrip was purchased by the Hon. Mr. Whyte, and by him sold to Mr. A. E. G. Rhodes, M.H.R., who exercised it."

Mr. Guinness moved, To strike out the words "he obtained the opinion of the officers" in the second line of the 4th paragraph, and insert in lieu thereof the words "he was informed by him."

Upon the question being put, a division was called for, and the names were taken down as follow:—

*Ayes*, 3: Mr. Guinness, Hon. Mr. Seddon, Hon. Mr. Ward.

*Noes*, 5: Hon. Sir J. Hall, Dr. Newman, Mr. Saunders, Hon. Sir R. Stout, Mr. Wright.

Motion lost. Words retained.

Mr. Saunders moved, To strike out the words "in perfect good faith" in line 5 of paragraph 4.

Upon the question being put, That the words as printed be retained, a division was called for, and the names were taken down as follow:—

*Ayes*, 5: Mr. Guinness, Hon. Sir J. Hall, Dr. Newman, Hon. Sir R. Stout, Mr. Wright.

*Noes*, 3: Mr. Saunders, Hon. Mr. Seddon, Hon. Mr. Ward.

Words retained.

*Resolved*, on the motion of the Hon. the Premier, to insert the words "under the impression" after the word "faith."

Clause as amended agreed to.

Clause 5 agreed to.

Clauses 6 and 7.—Mr. Saunders moved, that clauses 6 and 7 be struck out.

Upon a division being called for, that the clauses as printed stand part of the Report, the names were taken down as follow:—

*Ayes*, 4: Hon. Sir J. Hall, Dr. Newman, Hon. Sir R. Stout, Mr. Wright.

*Noes*, 5: Mr. Guinness, Hon. the Premier, Mr. Saunders, Mr. Tanner, Hon. Mr. Ward.

Clauses struck out.

Mr. Saunders proposed the following new clauses as clauses 6, 7, 8, 9, 10, and 11 of the Report:—

6. From the evidence of Mr. Whyte we find that, by a personal interview with Ministers, in Wellington, immediately after the sale of Ellesmere lands, on the 15th January, 1890, Mr. Whyte obtained irregular and illegal concessions from Ministers as to the use of his scrip in the payment of Ellesmere lands purchased by Mr. J. G. Murray, in Christchurch, which increased the value of a large quantity of scrip held or conditionally sold by Mr. Whyte.

7. From the evidence of the late Minister of Lands, Mr. Richardson, we find that he not only has done, but that he still puts a construction upon the laws under which he was required to act not consistent with the plain reading of the Acts, and that he disregarded or misunderstood the decision of the Court of Appeal in the case of Paterson and Another *versus* Humphries.

8. By documents and dates laid before us we find that the land officers in Christchurch overlooked or disregarded their latest instructions when accepting scrip to the value of £998 14s. from Mr. A. E. G. Rhodes, M.H.R., on behalf of Mrs. Jessie Rhodes, in payment for Ellesmere land sold to her on the 25th March, 1891.

9. In the sales of Ellesmere lands at Christchurch we find that certain individuals have competed for those lands with a knowledge, obtained from Ministers or land officers, that scrip would be accepted in payment for them, whilst the general public were still left under the impression that cash only would be received. In justice to the public, and to the public revenue, there can be no doubt that, if scrip was to be accepted at all, timely notice should have been given to the public to that effect.

10. However much these irregularities are to be regretted, the colony is clearly bound by the actions or errors of its Ministers and officers, and has now no practical remedy for them. The purchasers, in all cases, have complied with the demands of our land officers, and there is no ground to justify a demand for a refund from Mrs. Jessie Rhodes,