

3. This Commission suggested that grave doubts existed as to the validity of the said leases, and reported against the adoption of the lessees' proposal.
4. On the 19th April, 1910, Mr. C. P. Skerrett, K.C., acting on behalf of the Native owners, gave notice to the Registrar-General of Lands, claiming £80,000 damages against the Assurance Fund, on the ground that the District Land Registrar had wrongly registered Mr. Jones's leases.
5. As the result of much negotiation, the Government decided that it was advisable to purchase the interest of the Natives and the lessees, which they believed could have been acquired for £1 per acre.
6. At this time the Government valuation of the whole block was £31,273, but the Government decided that it was advisable to have a further valuation made before it finally determined to purchase. This valuation was made by two Crown Lands Rangers from the New Plymouth office of the Lands Department, at the request of the Commissioner of Crown Lands, who acted under instructions from Mr. Kensington, Under-Secretary for Lands.
7. The Commissioner of Crown Lands, in sending to Mr. Kensington the Rangers' reports, advised that the Government could not safely pay more than £26,000 for the land.
8. Mr. Kensington then reported to the Government suggesting that it might be advisable, in order to have the area settled, to pay from £30,000 to £35,000 for the whole estate, but that there would be considerable risk of loss if more than £30,000 was paid.
9. The Government decided that in the face of these reports it could not pay the sum of £53,000 for the property.
10. The lessee then suggested to the Government that it should purchase the interests of the Natives, and acquire the interest of the lessee compulsorily.
11. After consideration, the Government determined that it would not adopt this course, because, owing to the difficult legal questions involved as to the validity of the leases, it would probably have to pay the Natives on the assumption that the title to the leases was doubtful, and the lessee on the assumption that the title was good. It was felt to be impossible to form a reliable estimate as to the amount of compensation the State might be called upon to pay.
12. On the 20th September, 1910, Mr. Skerrett, on behalf of the Natives, wrote to the Native Minister urging that an Order in Council should be issued under section 203 of the Native Land Act, 1909, permitting his clients to sell their interest to the lessee, undertaking that if the Crown agreed to this course the lessee would enter into an agreement to subdivide the land within three years from the date of purchase in areas not exceeding those prescribed in Part XII of the Native Land Act, 1909. Mr. Skerrett also suggested that if the Government agreed to this course it would be relieved from all claims by the Natives or the lessee upon the Assurance Fund.
13. On the 5th December, 1909, the Government resolved that an Order in Council should issue in accordance with Mr. Skerrett's application, being influenced mainly by the fact that this arrangement would secure immediate settlement of the Mokau-Mohakatino Block in small areas.
14. Formal application was then made, on behalf of the Natives and the lessee, for the issue of an Order in Council, under section 203, and also for the consent of the Native owners of the land, to a sale to the lessee of their interest for the sum of £25,000 cash.
15. These applications were dealt with in strict accordance with the Native Land Act and the regulations made thereunder, and finally the Natives agreed to the sale of their interest, and an Order in Council was issued permitting the sale to take effect.
16. For the purpose of this sale a fresh valuation of the block was made by the Valuation Department at the instance of the Maori Land Board, and the value of the whole estate was certified to be a little over £40,000.

At the request of the Committee, Mr. Massey made a statement setting out the facts relating to this matter which he thought called for inquiry. Mr. Massey's statement is as follows:—

"*Mr. Massey:* I had thought it would not be necessary for me to make a statement, seeing that the statements I made at Auckland and in the House have practically led up to the inquiry being held. However, I have committed to writing a statement of the position as it appears to me, and with your permission I propose to read it:—

"(1.) The Mokau-Mohakatino Blocks, consisting of 53,000 acres of land, were leased by Mr. Joshua Jones from the Native owners for fifty-six years from July, 1882.

"(2.) With the object of providing sufficient capital to develop the property, Mr. Jones mortgaged his interests to an English firm.

"(3.) In course of time the mortgagees foreclosed, and the property was sold in New Plymouth by order of the Registrar of the Supreme Court, and was bought in by the representatives of the mortgagees.

"(4.) The mortgagees, having become the owners of the leasehold interests, sold such interests privately to Mr. Herrman Lewis.

"(5.) Mr. Herrman Lewis mortgaged the property to the English firm from whom he had purchased it, or their representatives, for the amount of the purchase-money or thereabouts.