

148. *Mr. Herries.*] Apparently the resolutions were confirmed, but the instrument of alienation was not to be signed until those conditions were complied with?—I understood that the Order was not to take effect until the two conditions had been complied with.

149. *Mr. Massey.*] You are satisfied now that the resolutions were confirmed?—Subject to those two conditions, yes.

150. *The Chairman.*] I had to leave the Committee for a time yesterday owing to a petition which I had to attend to, but I carefully read through the report of the proceedings in the papers. According to it you said that an opinion had been expressed by Mr. Bell and Mr. Skerrett regarding these leases, and I think you also said that that opinion was borne out by Mr. Hosking, of Dunedin. Those gentlemen are all K.C.s, are they not?—Yes.

151. In this opinion, I understand, they disagreed with the finding of the Chief Justice and Mr. Judge Palmer. Do you remember the report of the Commission on the Mokau-Mohakaiti Block?—Yes.

152. You say the gentlemen named disagreed with the finding of the Chief Justice and Mr. Judge Palmer?—Yes. Mind you, not all on the same points. For instance, the only question submitted to Mr. Hosking had relation merely to Block 1F. Both Mr. Bell and Mr. Skerrett agreed that the titles to the other blocks were good. I therefore did not refer that question to Mr. Hosking; but Mr. Hosking was of opinion that the lease of 1F was probably good, notwithstanding the opinion of the Commission, as expressed in its report.

153. That report came from the Chief Justice and Mr. Jackson Palmer, who is Chief Judge of the Native Land Court, and had had experience in regard to these matters?—That is so.

154. *Hon. Sir J. Carroll.*] You say that Mr. Lewis offered his interest in the land to the Government for £28,000?—Yes. If you get my letter you will see in what form the offer was made. This is it: "It has occurred to me that probably the best way out of this difficulty will be for the Crown, if it determines to acquire the block, to settle with the lessee upon the basis of the contract entered into in May, 1908, between the lessee and Mason Chambers, Douglas McLean, and Sir Francis Price, all of Hawke's Bay, sheep-farmers. This contract was entered into by the Hawke's Bay people after full inquiry as to the value of the land and of the leases, and under it they agreed to pay the sum of £25,000 for the lessee's interests, together with a one-eighth interest in the leases—that is, about £28,000.

155. Was there any acceptance of that offer?—No. What happened was that the Government at that time were willing to buy at this price, I understood: but they afterwards obtained a report from their departmental officers, and I understand that that did not justify them in paying this price. Of course, at that date nobody imagined that the price subsequently obtained could be secured for this land.

156. Would Mr. Lewis have had to pay these several claims out of that £28,000: £17,000 to Flower's estate?—Yes.

157. £1,000 to yourself?—Yes.

158. £25,000 to Mr. Macarthy?—Yes.

159. And £1,469 for survey liens?—Yes—well, we have not discussed that question of survey lien.

160. *Mr. Herries.*] Macarthy's mortgage over the leases was only collateral security?—Yes.

161. *Hon. Sir J. Carroll.*] Anyway, Mr. Lewis would have had little or no margin at all after paying liabilities out of the £28,000?—No.

*Mr. Massey:* Macarthy's mortgage had really nothing to do with it.

162. *Hon. Sir J. Carroll.*] Still, there is £17,000 and £1,000—that is £18,000; and Macarthy's interest was a liability over the block collaterally. I think that Mr. Massey, in one of his public utterances, stated that in the sale of this estate by the company the mineral rights will be reserved. Do you know anything about that?—Yes. I do not know what the company have published on the subject, but I do know this; that the minerals are part of the land, and that the limitation provisions apply just as much to the minerals as to any other part of the land.

163. Any sale of that land must carry with it the minerals?—They can reserve the minerals, but they can only reserve them in areas according to the limitation provisions.

164. Is there any condition or term in the agreement reserving them?—No, not in the agreement. They must cut up that land, the mineral portion and other portions, in areas complying with the limitation provisions.

165. The minerals go with the land?—Yes.

166. In Mr. Skerrett's application to the Government for the issue of an Order in Council, one of the paragraphs reads in this way: "Negotiations have therefore taken place between myself as representing the Natives on the one hand and Mr. Dalziell as representing Mr. Herrman Lewis and his mortgagees on the other hand. I think that an arrangement can be made by which the Native owners shall sell their reversion in the block expectant on the determination of the leases for a sum of £25,000, to be paid in cash within three months from the date of the contract. It would be a term of the contract for sale that Mr. Herrman Lewis should, within a period of three years, subdivide and sell the blocks of land in areas not in excess of the areas prescribed in Part XII of the Native Land Act, 1909, and that Mr. Lewis should not be entitled to call upon the Native vendors for conveyances or transfers of any part of the block except to purchasers of the same in the prescribed areas. The interests of the Natives will be protected, because if the purchase-money is not paid within three months they will be entitled to rescind the contract for sale, and the parties will revert to their legal rights anterior to the making of the contract. The whole arrangement will be made without prejudice to the existing rights of the Natives to avoid the leases or to re-enter and determine the leases should for any cause the sale not eventuate. This arrangement can only be given effect to by an Order in Council under section 203 of the Act, and I am accordingly applying for an Order in Council under that section." Can you confirm what is set out here as to the arrangements and the understanding between yourself and Mr. Lewis, and Mr. Skerrett acting on behalf of the Natives?—Yes.