

REPORT

OF

THE TARANAKI IRON SAND COMMITTEE.

THE Select Committee appointed to inquire into and report upon the claims of Dr. Samuel and Captain Morshead, with respect to the leasing of the Iron Sand in the Province of Taranaki, have the honor to report :—

That they have examined the file of records in the Colonial Secretary's Office on this subject, and have obtained from Dr. Samuel and Captain Morshead written statements in regard to their claims, and further examined both claimants on such points as were deemed necessary. The Superintendent of Taranaki, also at the request of the Committee, furnished a written statement on the matter, and laid before them numerous documents bearing on the subject.

CAPTAIN MORSHEAD'S CLAIM.

With regard to Captain Morshead's claim the Committee are of opinion that he forfeited his lease through non-fulfilment of its conditions, and that the Government were perfectly justified in determining it.

The Committee have given their attention to a promise made by the General Government in December, 1860, to the effect that—" If the present lease be surrendered at the termination of the existing war in Taranaki, a new lease from that date will be granted on the same terms as those of the present lease;" but do not consider that the promise then given can be interpreted in such a manner as to excuse the total inaction of the lessee in the Province of Taranaki for a period of nearly four years from the date of that promise.

It is further evident to your Committee that the lessee has failed to comply with the condition which the Government laid down as essential to granting him a new lease, viz. :—The surrender of the original one. The fact being, that the lease was many years ago deposited in a Bank in London, and your Committee believe had passed out of the power of the lessee at the time it was cancelled.

The Government, however, did allow the lease to run from the 25th July, 1859, to the 1st September, 1864, when, no doubt, observing that no practical steps were being taken to develop the Iron Sand, gave the necessary authority to the Superintendent to determine the lease.

Your Committee therefore, after full consideration of Captain Morshead's case, have arrived at the opinion that he has no claims upon the Government with respect to the leasing of Iron Sand in the Province of Taranaki.

DR. SAMUEL'S CLAIM.

In regard to Dr. Samuel's claim, your Committee have directed their inquiries to the two following questions :—

1. Should the new lease be granted to Dr. Samuel, or should his interests, and those of "third parties," be protected by the insertion of a saving clause in their favour in any new lease that might be granted to others?

2. Should Dr. Samuel be compensated for the alleged expenditure he incurred in connection with the Iron Sand?

With regard to the first subject of inquiry, your Committee are of opinion that Dr. Samuel's claim to a lease, or to the insertion of a clause protecting the interests of "third parties" in any future lease, cannot be established. If Dr. Samuel, or "third parties," chose to advance money to Captain Morshead on the security of the lease, they ought to have made themselves acquainted with its terms, from which they would have found that any failure on the part of the lessee in fulfilling the conditions of the lease rendered it liable to forfeiture, and consequently such parties to the loss of their security. It seems most unreasonable to expect that a Government who were compelled to determine the lease in consequence of breach of its provisions on the part of the lessee, should recognize those who held derivative claims under him.

Your Committee also desire to call attention to the fact that one document submitted to them, called "Articles of Agreement" between Captain Morshead and Dr. Samuel (the genuineness of which, though denied by Captain Morshead, your Committee see no reason to doubt), contains provisions which, if made public, would, in the opinion of your Committee, have prevented the formation of any *bona fide* Company for working the Iron Sand.

The Committee are, however, aware that from time to time proposals have been made sometimes by the General Government to the Legislature of the Province of Taranaki, sometimes by one or other branch of that Legislature, to recognize the claim of Dr. Samuel on any future lease, but it does not appear to your Committee that the concurrence of the three bodies was ever at one and the same time obtained.