

Jones's interest under these leases has become vested in Mr. Herrman Lewis. Mr. Lewis's leasehold interests are subject to a first mortgage to Flower's executors to secure the sum of £14,000 and interest, and subsequent mortgages to F. G. Dalziell and T. G. Macarthy to secure the sums of £1,000 and £25,000 respectively. The amounts owing on these securities thus total to the sum of over £40,000. The Native lessors, my clients, claim that these leases are invalid on various grounds, and, in the alternative, claim that they are entitled to re-enter under some or all of the leases by reason either of non-payment of rent or by reason of breaches of covenant. Should the registration of the leases to Mr. Joshua Jones under the Land Transfer Act give to him and his assigns an indefeasible title, then the Natives claim a large sum of money against the Assurance Fund as compensation for the improper registration of these leases. It will be seen that very difficult questions will arise, and a litigation of an extensive character is likely to ensue, which may occupy many years and involve a very large cost to the Natives and to the Crown.

"The existing leases reserve a very low rent, and are, generally speaking, disadvantageous to the Natives, apart from the circumstances that they keep the Natives out of possession of the land for some thirty years to come. Under these circumstances an arrangement between the Natives on the one hand and Mr. Herrman Lewis and his mortgagees on the other is very desirable, both in the Natives' interest and in the public interest. It is desirable in the interests of the Natives because it will put an end to what may be an expensive and long-drawn-out litigation, and will put an end to leases granted by my clients upon disadvantageous terms. It is desirable in the interests of the public because such an arrangement would at once make available for settlement a large area of land suitable for subdivision and sale, a condition of things much to be desired in the interests of the public generally and of the west coast of the North Island in particular.

"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 should 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.

"I have already pointed out cogent reasons why it is in the interests of the public that the alienation should be permitted. I may further add that the Crown is greatly interested—and, indeed, only less so than the Native owners—in the settlement of the litigation which may take place in connection with the registration of the leases under the Land Transfer Act.

"It is clear that the policy of the Act in limiting the area of Native land to be acquired by individuals is carefully safeguarded by the proposed arrangement. The Order in Council would only permit the particular alienation contemplated by the contract to be carried into effect, and it is part of the term of such alienation that the purchaser cannot call for a conveyance or transfer except to subpurchasers of the prescribed limited areas. Under these circumstances, therefore, I venture to express the confident hope that you will be able to recommend the Governor to issue the Order in Council applied for.

"There is only one other topic to which I wish to refer. The Court of Appeal has expressly decided that Mr. Joshua Jones has no claim to the leasehold interests, but if the Government so desires I understand that Mr. Lewis and his mortgagees would not object to agree that the proceeds of the sales of the block should be held by them subject to any claim or right thereto which Mr. Joshua Jones could hereafter establish in a Court of law or equity. It appears to me that the only merit of Mr. Jones's claim is that of unwearied persistence. But I desire to point out that he has no claims and never had any claims against my clients, the Native owners, and it would be an act of injustice if any claim of Mr. Jones, whether fanciful or real, should be allowed to stand in the way of the Native owners making an arrangement which is so advantageous and desirable in their interests.

"I have, &c.,

"C. P. SKERRETT."

The Government finally decided to agree to Mr. Skerrett's proposal, and on the 5th December, 1910, Cabinet resolved that an Order in Council should issue permitting the lessee to purchase the Natives' interest in the land. In arriving at this conclusion the Government was influenced by the fact that, unless it took compulsorily, there was no means by which the settlement of the land in small areas could be secured during the remaining term of the leases—about thirty years—without the consent both of the Natives and the lessee.

With regard to the proceedings subsequent to the Cabinet resolution, these were purely departmental, and were carried out in every respect strictly in accordance with the procedure of the Native Department. All necessary notices were given, and the provisions of the Native Land Act and regulations were fully complied with. (See *New Zealand Gazette*, 22nd December, 1910, page 4319, in which the President of the Board publicly notifies that the Board would consider the applications for recommendations to His Excellency the Governor to authorize acquisition of