

The annual rentals now being received are as follows :—

	£	s.	d.
For portions of Mangatu No. 1	3,614	0	0
For the 20,000 acres	695	0	0
For Mangatu No. 3	163	11	2

The terms of these leases are fairly satisfactory, and on the expiry in a few years and taking of renewals the rentals will be very greatly increased. The leases granted by the Wi Pere family trustees do not seem to us to be as satisfactory in their terms as the others.

4. *The Past Management of the said Blocks, and the Receipts and Expenditure in connection therewith, and the Annual Cost of Management.*

It will be seen from paragraph 1 of this report that the corporate bodies of Mangatu Nos. 1, 3, and 4 were each represented by a Committee of Management, and each block was vested in the same persons as trustees—the Commissioner of Crown Lands for Hawke's Bay, Wi Pere (now deceased), and Henry Cheetham Jackson. Mr. Jackson also acted as secretary to the committees and to the trustees, and collected all rents and other moneys, made all payments, and the books of the several trusts were kept by his office.

By the deeds of trust the remuneration of the Commissioner and Mr. Jackson was fixed at the following annual sums :—

Mangatu No. 1: The Commissioner, £50; Mr. Jackson, £150.

Mangatu No. 3: The Commissioner, £10; Mr. Jackson, £30.

Mangatu No. 4: The Commissioner, £10; Mr. Jackson, £30.

By the terms of the trust deeds £100 of the amount received by Mr. Jackson from No. 1, £20 from No. 3, and £20 from No. 4 were to be credited by him to the trust estate of Carroll and Wi Pere as a part-payment on account of his salary as receiver in that estate under the decree of the Validation Court. By a resolution of the committee of Mangatu No. 1, dated the 21st August, 1911, the salary of Mr. Jackson was raised to £300 per annum. This was approved by a general meeting on the following day (see Exhibit I3). Mr. Jackson stated in his evidence that the committee offered him £400, but he was satisfied to accept £300 instead of the £150 previously paid.

Prior to 1908 there were no books in existence to record the transactions of the trusts, but towards the end of the year 1907, or early in 1908, Mr. E. H. Pavitt was employed by Mr. Jackson as accountant, and from that date had charge of the books and accounts of Mangatu No. 1, including Waitangirua Station, and also those of Nos. 3 and 4. One of the first duties Mr. Pavitt had to perform was writing up the books of the trusts from 1899 to the end of 1907. The personal accounts were kept, but no entries debiting the various tenants and crediting rental account were put through. We have formed the conclusion that these accounts are very incomplete. No doubt the time which elapsed between the actual transactions and the time they were written up is largely responsible for this.

A good deal of evidence was given as to the minute-books of the committee of No. 1. It would appear that it was not customary to confirm the minutes of a previous meeting: one minute-book was stated to have been lost, and there are numerous rough minutes which have never been entered in any bound minute-book. In short, the methods followed in regard to the minutes have been lax in the extreme.

As stated before, the greater part of Mangatu No. 1 is leased, and the rentals go to pay the interest and reduce the principal of the mortgage to the Public Trustee. The Waitangirua Farm is managed for the trustees by Mr. Edward Tait. Both Mr. Marsh and Mr. Jackson spoke highly of him, and he seems to be an honest and capable manager. Under his control this portion of the estate promises to yield satisfactory returns in the future. Mangatu No. 3 is leased and mortgaged, and No. 4 is bush land and neither leased nor mortgaged.

In later portions of this report other references to the management of the trust lands occur, and attached hereto is a statement showing the receipts and expenditure and cost of management (Exhibit C3).