

23. The Native Minister has informed us that he has no files or documents relating to the Te Kao Scheme, although it is plain that from the end of 1929 the Minister directed the management. The Minister stated that all records would be on Head Office files. The Head Office files submitted to us lack important information with regard to the approval by the Native Minister in office during 1928 of Judge Acheson's expenditure. They also lack information with regard to the policy which was to be pursued when the succeeding Native Minister took control of the expenditure. We have, however, been able to supplement the Head Office files by the files of the Tokerau Board. The latter files show that important letters relating to financial control are missing from Head Office files. This is a serious matter, and it should be investigated by the head of the Department. Copies, at least, should be placed on the Head Office files to replace the missing documents. Under the circumstances, we can have no confidence that memoranda concerning the policy to be pursued at Te Kao are not also missing. We have, however, with such information as we have been able to obtain, endeavoured to form a balanced view of the position, and we make the following statement.

24. *Inception of Te Kao Dairy Scheme.*—The Te Kao lands comprise the Parengarenga and Pakohu Blocks in the North Auckland District. These were blocks in respect of which the Native Minister had redeemed survey mortgages and which were vested in a Maori Council by section 3 of the Maori Land Claims Adjustment and Laws Amendment Act, 1904. By section 287 of the Native Land Act, 1909, these lands were brought within Part XV of the Act of 1909 and are now within Part XV of the Act of 1931.

25. The Te Kao Native settlement on these blocks lies on the shores of the Parengarenga Harbour about forty-five miles to the north-west of Awanui and about twelve miles from the nearest European settlement. It consists to-day of about 330 Natives—men, women, and children. In 1925 the people were in a very poor condition. There was a severe slump in the gum industry, and only a few Natives with pensions had an income. Most of the people were in a starving condition. The evidence of Judge Acheson is that one in every four children under twelve months of age died. The school-children were sickly and suffering from skin-diseases. There were no cows in the settlement. Under these circumstances, the then Native Minister (the Right Hon. J. G. Coates) asked Judge Acheson to investigate the position and report. The Judge did so and advised, with confidence, that a dairy-farming scheme should be commenced.

26. The Native Minister called for a report from the Department of Agriculture. We take the following extract from the report of Mr. T. H. Patterson, Instructor in Agriculture, Auckland, dated 28th October, 1925:—

"In company with Judge F. O. V. Acheson, President, Tokerau Native Land Board, and Mr. C. J. Hamblyn, I visited Houhora, Waihopa, Ngataki, Te Kao, and Te Hapua recently with the object of inspecting the land and giving an opinion on its suitability for dairying.

"There is sufficient land around the Parengarenga and Houhora Harbours to make a start with dairying. At Te Kao there is an area of approximately 400 acres of flat land which with a little more drainage could be put into good pasture readily and maintained fairly cheaply. There are 500 acres of hill land on the northern side of the settlement valley which could be grassed. This, with the flat lands, would make satisfactory dairy-farms where the sections were at least 40 acres in extent, but preferably larger.

"There are other swamp areas in raupo and flax near the main settlement, notably the area on which Joseph Conrad has his home, which, when drained, would provide about 400 to 500 acres of land suitable for grassing. At Te Hapua there is a total estimated area of about 800 acres conveniently situated which could be developed and used for dairying.

"Altogether there would be over 2,000 acres that could be brought into profit fairly readily. This would, when grassed, manured, subdivided, and properly managed, support about 500 to 600 cows."

Mr. Patterson's report shows that he considered that the cream would be delivered to Awanui, although he thought that in the future a small local factory might be supported. He also considered that Mr. Watt, the teacher at the Native School, Te Kao, should act as a supervisor and that instruction should be given by the Department of Agriculture through him. With regard to the Natives, he said,—

"The young men are robust, intelligent, and of a type which I believe would apply themselves to the work. Some of them already possess a grasp of farming and have regularly cultivated small areas round their homes, while the valley and portions of the hill lands are in grass, and have been grazed for years past. The bulk of the Te Kao Natives especially would, with direction and help, make good."

If the 800 acres at Te Hapua be subtracted from the 2,000 acres mentioned, it will be seen that Mr. Patterson considered that there were 1,200 acres at Te Kao which could be brought into profit as dairy-farms fairly readily.

27. A further report was obtained about the same time from Mr. A. N. Campbell, Chief Drainage Engineer at Auckland. As we read Mr. Campbell's report, he considered that there were 800 acres worth developing on which drainage could be carried out.

28. These reports were submitted to the Native Minister. He was not at this time under any statutory obligation to consider whether he should approve of the dairy scheme proposed or of advances from the Board's funds for that purpose, but he had initiated the report of Judge Acheson, and the Board was, in fact, depending on the Minister's decision as to whether the scheme should be commenced by advances from the Board's funds. There is no evidence on the files that any estimate was made of the total cost of development or of the amount which the Board would be prepared to authorize in the interests of the Te Kao Natives, having regard to the claims of the other beneficiaries of the Board upon its funds. In January, 1926, Judge Acheson was notified by the Under-Secretary that the Native