

6. The easy acquisition of the means of living by the rental of land induced in many of the natives habits of extravagance and debt. While the land was held by the tribe in common it could not be forfeited by the indebtedness of the individual, but as soon as it became the property of one man, or of six or ten men who held it in virtue of an absolute Crown grant, that individual share or interest became a convertible property, which was liable to be seized as security for debt, and sold by action of the Courts in times of scarcity or depression. And thus for a debt, trivial, perhaps, in its origin and amount, but increased by interest and law costs, land, which while the common property of the tribe was secure from seizure, became liable to be cut away altogether from the children of the first grantees.

7. It may be urged that with all civilized people the possession of land is, and ought to be amenable for the indebtedness of the owner; but the social laws of civilization will not always apply justly to the case of a people not entirely emerged from barbarism. The present price of native land is utterly disproportionate to its future value; and, in the case of entailed estates, the consent of the successor as well as the act of the possessor is necessary to alienation.

8. Above all, it would be a matter of regret if a law intended for the good of the native should prove, in its operation, rather for the benefit of his European creditor. Notwithstanding their general prosperity the debts of the local natives are of very considerable amount. Since Crown titles have been received, mortgages and sales to the extent of £31,826 have been effected for country lands.

9. This sum is, however, far from representing the full amount, as "costs" to an unknown extent are charged against the estates, and mortgages are in many instances for a "running account."

10. The improvidence of the natives is stimulated by the facilities with which they can obtain goods, and occasionally money, from the storekeepers and publicans on the security of a mortgage on a fertile and accessible estate.

11. The more prudent of the natives say that the temptation to incur debt in this manner was so great that where, amongst a number of co-grantees in an estate, three or four mortgaged their interests it was almost impossible, in the close relations that exist in a *hapu*, for the remainder to keep their shares unencumbered, and the land drifted from their possession.

12. Karaitiana, a chief conspicuous for his loyalty, in speaking of his difficulties in connection with land, said:—"We mortgaged our grants, but not to an extent beyond what we had the means to pay the interest of, and more, from rents receivable from land let to white men. But the time of low prices for wool and stock came, and the white men did not pay the rents agreed upon—one owing three years rent—and while we could not get in the money owing, we were called upon periodically for the interest on the mortgages; and so our debts increased, and we had to mortgage other lands, or to sell to keep off legal proceedings."

13. One of the principal chiefs of Hawke's Bay, once a very large land owner, is now almost without land, and others were so fast divesting themselves of their property, that until recent measures were taken to check such action, a danger existed of the children of the present landowners becoming paupers.

14. Acting under instructions received from the Hon. Native Minister on 19th February, 1870, I visited Hawke's Bay in February last and conferred with the principal chiefs on the subject of rendering inalienable for themselves and their descendants certain conveniently situated blocks of land. Aware of the improvidence, in respect to land selling, of some of their number, and of its disastrous results, they were induced to hand over to Trustees appointed by the Government lands to the extent of about 31,000 acres.

15. I was desirous that the places which, by their industry, had become most valuable should be permanently secured to them, and succeeded in obtaining their conveyance of a large portion of the rich plain lying between the villages of Clive and Meanee. The native village of Pakowhai, with 834 acres of enclosed paddocks, about £3000 of household property, and the best Artesian well in the district, was conveyed to Trustees by Karaitiana, the sole owner.

16. Other large blocks, or individual interests therein, upon the banks of the Ngaruroro and Tuki-tuki rivers, and comprising fine fertile land, are also made over to Trustees, together with estates on the higher grounds available as sheep runs, and from which rents are now being derived.

17. In all, lands to the extent of about thirty-one thousand acres were put in trust.

18. The Chief Judge of the Native Land Court was very desirous that land which had been individualized in title by the Court should not be utterly lost to the owners. Mr Fenton kindly supplied me with the form of Trust Deed which has been used, and which was drawn out by Sir William Martin, D.C.L.

19. The explanation to the Natives of the Act they were becoming parties to, and their future position in regard to the land, required the fullest discussion with each person concerned, but with the valuable aid of Mr Locke, Resident Magistrate, and Mr Martin Hamlin, Interpreter, I was enabled, I think, to make them thoroughly understand the provisions of the Trust Deed, and to learn myself their views in regard to estates they were desirous of securing to their relatives or descendants.

20. The provision of the Native Land Act, 1869, by which a majority in value of the grantees must consent to any conveyance before the transfer of an individual interest becomes valid, made the work very tedious, as the owners were generally scattered, and could only be brought together with difficulty. Where white men represented the majority in value, their interests were rather opposed to the transfer of the remaining shares to a Trust. It is worthy of consideration whether in the case of a Conveyance to a beneficial Trust, or in settlement, a modification of that provision of the Act would not be judicious.

21. Though the general condition of the Natives of Hawke's Bay has been advanced by the settlement of the District, yet in many cases fixed habits of indolence have resulted from the acquisition of the easy means of maintenance derivable from rents. In assisting the natives to transfer the titles of a portion of their land to a Trust, I endeavored to secure good fertile land, that would repay labor bestowed upon it, and so conduce to their returning to habits of farming.

22. With this view I arranged with Manaina Tini and Pinehira for the conveyance to Trust of the unsold portion of the Mangateretere East Block, near the village of Havelock. This is very fertile