

security. The principal security is fairly swamped. I do not know that it is absolutely swamped, but, of course, the difference of £100,000 is against the principal security. The Natives, Mr. Rees, and everybody concerned in the equity of redemption think it is worth a very large sum more.

76. *Mr. W. Fraser.*] The terms were used that if this property were sold it would mean a scandal. Did you mean a scandal as far as the bank was concerned?—Oh, no; the bank must exercise its functions. It has got a duty to perform to its shareholders. The public scandal would be if Parliament might have intervened to preserve these lands to the Natives and refused to do it. Of course it is not a scandal on the part of the bank. The bank has not only power to do it, but is bound to do it. The bank has no right to consider the Natives in the matter at all.

77. *Hon. Sir J. G. Ward* (to Mr. Malet).] At the first interview with me, Mr. Malet, when the request was made for the Government to consider the request for legislation, I understood those representations were made on behalf of the bank: was I right or wrong?—You were quite right. I saw you on behalf of the bank, as I thought it would be idle to go into the question of the Bill, and for the bank to go into this matter, unless we were going to have the support of the Government. I knew that the time was pressing, and that a private measure would be useless, and, acting in the interests of the bank, who desired to see this liquidated, I was empowered by my colleagues to take charge of the whole matter and do what I could, and to give any facility I could for preventing this sale going on provided the increased interests were protected. I conferred with Mr. Bell on the subject, and we both came; and I came in no other capacity except as chairman of directors of the Bank of New Zealand.

78. The request was not made on behalf of the trustees?—No; I saw nothing of the trustees at all until afterwards. I saw the possibility of our having to go on with this sale, and I thought I would use what influence the bank had to bring about its objects to be stated in the Bill.

79. Do you recollect whether I expressed an opinion that the time was too short to enable the Natives to do anything?—I think I understood something of that, and I left the room. I came to the conclusion that you were not favourable, and I thought that I had rather wasted our time on the matter.

80. It was upon the point in the Bill with regard to the time of the sale?—Purely.

81. At the second interview?—I was not at the second interview.

82. *Hon. Sir J. G. Ward* (to Mr. Bell).] At the second interview I expressed myself favourable to the Government taking up legislation in this matter, providing the time was made two years in the Bill?—That is so. But there was a part of the first interview which took place without my presence. I was only there to explain the legal aspect of the question, and part of the first interview took place without my being present.

*Mr. Malet:* I may say that why the bank has taken this active interest in the Bill is to conserve the rights of the Natives. And then the question may be asked, Why were they so anxious about the rights of the Natives? As we are charged with the administration of the bank, we do not want it to be said against the bank that they have forced this sale, and thereby create a sort of bad odour against the bank. The bank is probably only doing its duty. It would be looked upon that the bank was probably forcing the sale, and the rights of the bank could not be made known, so to speak; and that would be quite apart from our desire to let the Natives get back their own if we could get our money. We were quite sure the bank should not be forced into the position of having to force the sale of those large portions of land. The smaller blocks would probably be sacrificed more or less, and we desired to keep the bank out of the difficulty of being in an injurious position. We are only trying to liquidate the asset, which has lasted for twenty-two years.

83. *Hon. Sir J. G. Ward.*] I understand you to say you are of opinion that legislation should be put through to settle the matter?—I am most strongly of the opinion that this is the best solution of the difficulty, though the bank has to wait two years more. Still, two years more or less will not make any difference, as we have now waited for twenty-two years.

84. *Sir W. R. Russell.*] Are we not extending the powers of the Validation Act in this Bill?

*Mr. Bell:* Not to this extent. The same powers which they exercised in 1895, and which have been before the Supreme Court since and affirmed, are the powers which they are by this Bill directed to continue to exercise if they consider fit.

85. Are not the powers of the Validation Court to take new work ceased altogether?—No.

*Mr. A. L. D. Fraser:* You cannot apply for a validation of property under the Act now.

86. *Sir W. R. Russell.*] Under clause 9 it looks to me as though we were extending the power of the Validation Court Act?—I am not clear. If you ask me whether they could now exercise the power, I think it is very probable the power has lapsed. But the Bill does not create a power which the Court did not have previously.

87. *Hon. J. Carroll.*] There are certain blocks there that are not in the mortgage, but subject to the decrees of the Court, and the Validation Court has still power?—Oh, yes; with regard to any blocks now before the Court, you are not extending even the time.

Hon. JAMES CARROLL examined. (No. 3.)

*Hon. Mr. Carroll:* I think I need say nothing at all about the origination of this measure, Mr. Chairman, or go into the history of this trust estate, in the effort to show who is or is not to blame; but I recognise on behalf of the Natives that we are face to face with an unfortunate position, and I think those representing the bank will view it also in that light. The Natives, through their representatives, are extremely desirous that something should be done in a practical way—confirmed by legislation—to bring these matters to an end, and the line upon which this settlement is based and is outlined by the Bill is one that has commended itself to the trustees as being businesslike and which they expect will be productive of good results. It would be a great relief to the Natives to have this Bill passed, and I am sure it would also be a relief to the bank.