Mr. W. L. REES examined. (No. 4.)

195. *The Chairman.*] What is your full name, Mr. Rees?—W. L. Rees, solicitor, Gisborne. I will first speak as to the money part of the question, as to the securities of the bank.

196. *Sir W. R. Russell.*] How do you come to be here?—I appear as solicitor to the trust estate. The debt fixed in 1892, when Messrs. Carroll and Wi Pere became trustees, was ascertained to be the sum of £58,000 odd. They purchased the sheep and the stock on the property at a sum of about £10,000. That was £68,000 before securities were given. The bank has found all the money for completing the whole of what is called the specific securities and the other assets now vested in the trust, an area of about 170,000 acres. The bank has also spent about £12,000 or £15,000 on improvements, and has defrayed the cost of long and expensive litigation in the Validation Court. I mention these facts to show that, although the main costs have been very heavy, the greater part of the amount—the difference between the £68,000 and the £138,000—has, beyond unpaid interest, been expended in a legitimate manner for the benefit of the estate, and the trust estate altogether is now much stronger and worth much more money than it was in 1892. The estate consists of three classes of titles—one comprised of the properties taken over in 1892 by Messrs. Carroll and Wi Pere, which forms the general security; another comprising the validated titles over which the bank holds specific securities in aid of the general debt; and the third comprised of estates which have been vested in Messrs. Carroll and Wi Pere by the Validation Court, with other trustees, but over which the bank has no determined claim. It is over this last part of the estate owned by the same Natives whose other lands are pledged to the bank that the right is asked in this Bill that these Natives may be permitted to increase the amount of borrowing so as to be able to pay off the bank and get money at a cheaper rate. The terms of management—alluding now to the questions put by Sir William Russell and Messrs. Fraser and Carroll—by the Councils: the 11th section of the Act provides distinctly for that. "The terms and conditions of management, and of selling, leasing, mortgaging, improving, or otherwise dealing with the said lands, and of all properties by this Act vested or hereafter to be vested in the Maori Council, shall be agreed upon between the trustees or beneficiaries and the Council by deed; but, so far as relates to securities and lands vested in the trustees, either alone or with others, by decrees of the Validation Court, they shall have no force or effect until approved of by the Validation Court at Gisborne by order under the seal of the Court and signed by the Judge thereof: Provided that the bank shall retain the control and management of any lands, stock, and properties heretofore controlled and managed by the bank." So that when the lands become vested in the Maori Council it becomes a method of management. The method of mortgaging is reduced to writing, and that has to be approved, after a full discussion in the Validation Court, by the Judge of the Court, and it becomes, in fact, a decree of the Court. The necessity for the Maori Council is devised inasmuch as being a corporate body—incorporated by statute—they become the trustees in lieu of all individuals; and I need hardly say, sir, to business-men that a corporate body incorporated by statute, with full powers, acting under a direction of the Court, have a far greater likelihood of being able to borrow money upon favourable terms, and to have their titles accepted, than two individuals have. Moreover, the titles become indefeasible both in the bank and in the corporate body. Every Government lending Department has been applied to by the trustees. Almost every large financial institution in Wellington has been applied to. The Public Trust Office and the Life Insurance Department have been applied to. I applied on behalf of the trustees myself. If not every one, nearly every one was applied to. The Public Trustee, in fact, did at one time consent to take the estates over. Nearly every financial institution, also, in Wellington; and always with the same result—the fear of the titles, that they might not be indefeasible. The trustees have spent many hundreds of pounds in surveys, valuations, applications with different financial institutions, and every one has fallen through—they have always failed upon that point. The Act, as has been stated, gives finality. If the Maoris cannot redeem the whole or any portion of the lands within two years they must be sold. Then the bank sells without any fear of obstruction. If they can redeem then they redeem with the complete title in themselves—the Maoris. In 1897 the Native Affairs Committee reported that some steps ought to immediately be taken. Nothing was done. Then five years expire, and the costs and law expenses and compound interest have of necessity been the result. The Act ends all litigation and puts a stop to it, and makes the titles indefeasible, so that persons will lend, and buy, and lease with the positive certainty that their titles cannot be disturbed. As regards the particular securities, it is beyond doubt, I submit, that they can be redeemed within the two years if the titles are made indefeasible. They can be redeemed by either the trustees, or, if the Maori Council succeeds the trustees, by them; because there is a considerable margin of value in those specific blocks—every one of them—and the Maoris, knowing that, have other land that they have already expressed their willingness to bring in to increase the security of the lenders who may lend the money necessary to pay the bank in regard to these blocks. A considerable number of these estates are susceptible of being cut up for settlement at once, and Europeans are clamouring and asking that they should be so cut up; but with this question of title hanging over and the bank's mortgages the trustees could never do anything. Under this Bill they have the power to cut up those lands, and two or three of the estates are already surveyed and cut up. Nothing can be done without them. Paramata is an estate of 7,000 acres, which is at Cook's Cove. That is cut up, and possibly 2,000 acres of that are being sold to pay the debt of the whole block. That is one of the specific securities. Mangaheia No. 2, which is close to that, is just 6,000 acres, and there, I believe, 1,500 acres would pay the debt. Then, the Natives owning the large securities are large owners in all the other blocks scattered round. If they saw that this was made safe for the two years, and that the trustees or the Council had the power to cut up and deal with the lands, they would voluntarily bring in other large blocks which have already been dealt with in the Validation Court so as to increase the foundation for borrowing. Thus they could get cheap money to pay the bank off and throw open the lands for settlement. Out of over 300,000 acres at the