

think I made myself clear, that the lending Department is quite safe in lending three-fifths provided the loan does not exceed £5.

*The Chairman:* That is to say, if they had their improvements up to £8 6s. 8d.—if that was certain, then the lending Department would be safe in lending £5 on that?

*Mr. Bell:* Yes, they would be perfectly safe. Whether or not the Department has statutory authority to lend up to that I have not considered. So far as improvements are concerned, all a competitor for a lease has to find is £5 per acre. In almost every one of these cases there is a margin over the £5, which will give the necessary security. If the lending Department has not authority at present to lend up to £5 when the improvements are as much as £8 6s. 8d., then it ought to be given that power. Then you say to your lending Department, "Any applicant, whether a Maori or pakeha, who applies for a loan may be granted a loan of equal to three-fifths of the value of the improvements provided the loan does not exceed £5 per acre." That will give the Maori the opportunity of financing the purchase of the improvements.

*The Chairman:* That would mean that the minimum amount of improvements would have to be £8 6s. 8d.

*Mr. Bell:* Yes. If the improvements were worth only £5, the maximum amount he could get would be £3. You still have your margin. Then, having got that financed, let us take the position of the improvident Native who goes in and allows the land to go back. From what position has the Trustee to look at the matter first? From the point of view of the beneficiaries who are getting the loan—the owners of the land. The Native lessee may or may not be one of the beneficiaries. What does a trustee do in the case of an improvident pakeha? He turns to the covenants under the lease and says, "You can go out and I will put the lease up to auction again"; and why should he not do that with the Maori, and why should not that be a perfect safeguard against the Maori doing himself or the land any damage? Just eject him if the land is going back.

*The Chairman:* The same power as he has in the case of an improvident pakeha?

*Mr. Bell:* Yes. It is obvious the covenants in a lease are drawn not with the object of catching the careful lessee; all the covenants in a lease are meant to catch the man who is not a good tenant, and the covenants in this lease certainly appear to be sufficient, and to be a perfect safeguard against the land going back or the Native doing himself any damage. Now, your Worships, I submit that disposes of the purchase of the improvements. It is a very simple scheme. It is not an ornamental one, but a perfectly workable one. Then, the Native has to find more money to finance his stock and his implements. Now what does the pakeha do under similar circumstances? He goes to the stock agent and gets the whole of his stock financed, and he pays out of his milk cheques. Your Worships have had in the box many Maoris who have said that they got financed by stock agents, and that they paid back out of their milk cheques. Every one of those witnesses who have said that have also said that there is not now one penny owing.

*The Chairman:* Yes, it has been paid off, and sometimes they gave the whole of the cheque instead of half in order to get rid of the burden.

*Mr. Bell:* Yes. I would not make any reference to that side of the finance except with regard to the point that came out in Dr. Pomare's evidence, that it is very often that Natives who are good marks do not get advances because the stock agent has not the time to really go into the whole question of a Native's standing. Some of those Natives who managed to get financed and started farming said that they knew other Natives who would be prepared to start if they could find a pakeha like they had done. It is difficult for a pakeha to carry on that sort of business, and he does not take the trouble to do it in a great number of cases. Now, my suggestion is this: it may not appear at first sight to be really within the scope of the Commission, but I suggest it is actually within the scope of the Commission, because your Worships are making suggestions as to what should be done in the way of finance when the leases come up for competition. It seems to me that, suppose you gave some guarantee to the stock agent who was prepared to advance the stock—a guarantee, say of 20 per cent.—the business would be done. The stock agent would have no trouble. Simplify the formalities required in Native-chattel securities and give a guarantee up to 20 per cent. of the amount of the advance. Then the Native would get his finance quite easily for the stock, and that is only putting the Native on the same footing as the pakeha, because the 20-per-cent. guarantee would just about compensate for the difference between the ease with which the stock agent deals with the pakeha and deals with the Maori. Then, where is that 20-per-cent. guarantee to come from? I suggest that it should come out of the whole of the rents of the West Coast Settlement leases. It could be done in this way: the union or some other organization—I suggest the union as being apparently an admirable organization—should recommend certain men to receive this guarantee, and that the Public Trustee should only guarantee up to 20 per cent., and only in cases where the individual to be guaranteed has been actually recommended by the union. That appears to me to have an enormous advantage, to this extent: that you are putting the union as representatives of the receivers of rent in the position of taking care that they do not recommend a bad mark, so that you are assuring as far as possible that only good substantial hard-working Maoris take on these leases. It is serving a double object: it gives these men advances, and it also puts the pick of the men on these leases. It does seem to me that this scheme would work. It is possible it may be considered advisable to make the guarantee only out of the rents arising from the particular grant in which the land is, but I suggest that the guarantee should be from all the rents, and that, say, half the amount of the total rents for the year should be responsible for that guarantee. I know the Natives would accept that position, and they do not think, and I do not think, they would lose one penny in accepting that position. You would also have the advantage of giving them the financial reason for picking the very best possible men to take up these leases. That is all I have to say about finance. I will stop at that point, but if there is any question