

Board's Finances.—The book value of the assets of the Board amounts to £126,493. Of this sum, £56,482 is represented by cash in hand or at call. The remainder consists of mortgages, freehold properties, and other miscellaneous assets. Two of the Board's properties, representing an asset value of £11,547, are being further developed by the Department, and the Board has agreed to permit such development expenditure to be a first charge on the properties. The liabilities of the Board to its beneficiaries total £91,783, and the total reserves amount, in round figures, to £34,000.

During the year £61,118 was received on account of beneficiaries, and an amount of £61,533 was distributed. The excess of income over the Board's administration and other expenses amounted to £592, from which it will be noted that while the finances of the Board are sound and its reserves ample large profits are not being accumulated at the expense of beneficiaries.

Land-development.—The Board has for many years pursued a policy of investing its funds as far as possible for the benefit of Native beneficiaries and large sums have been lent to Native farmers with, on the whole, satisfactory results. Native-development schemes at Waipipi (Hakona) and Kaihau (Tahuna) were originally financed out of Board's funds. These schemes have now been taken over by the Department and the expenditure of the Board repaid. By reason of the operations of the Board of Native Affairs the farming operations of the Board are now somewhat restricted.

WAIARIKI DISTRICT.

General.—This district, in which there has been such extensive activity, has been somewhat handicapped from an administrative point of view by the fact that for several years no resident Judge has had his headquarters at Rotorua. While Judge Carr performed the judicial functions of the district in his customary efficient manner the absence of a resident judicial officer in an area which had made such rapid advances in the direction of the rehabilitation of the Native race on their own lands was at times distinctly felt. To the Natives the Judge represents the *mana* of the Court, and ready access to him is a feature to which they have become accustomed through the passing of the years. It is pleasing to report that arrangements have been made whereby this disability will be removed by the return in June, 1937, of Judge H. F. Ayson, C.M.G., who not only has been a former Judge of the district, but has, in addition, a wide judicial and administrative experience in the capacity of Resident Commissioner and Judge of both the High Court and Native Land Court of the Cook Islands.

Court Activities.—The improved economic conditions are reflected in the increased business which has come before the Court during the year under review.

The number of applications for confirmation of alienations exceeded those of the previous year. Dealings relating to timber have shown a marked increase and have required special consideration. In these matters the policy of the Court has been to decline confirmation of sales of timber on a royalty basis, stipulating that the consideration must in all cases be on the basis of the value of the timber as disclosed by an appraisal made by the State Forest Service. There has, however, been a tendency amongst certain timber-millers to negotiate privately with some of the owners for the sale of timber at rates below market value and under various forms of agreements which are not submitted to the Court for confirmation. While such alienations are invalid, the Court, in the absence of a motion for an injunction by an aggrieved party, has no adequate means of preventing such evasions of the law, as the timber is often disposed of before the Court is aware of the position. Legislation to make it an offence to sell or remove standing timber from Native land except in pursuance of a confirmed agreement appears to be necessary. With a view to ensuring that Natives do not alienate land which could reasonably be developed under Part I of the Native Land Act, 1936, and thus tend to make themselves landless, the Court is becoming particularly searching as to the circumstances of the alienors, especially in those cases where the proposed vendor or lessor is deriving benefit from some form of Government employment assistance.

Board Finances.—The position of the Board's finances is satisfactory. The policy of the Court—to stipulate on confirmation that the proceeds of alienations by way of sales and leases should be paid to the Board for distribution to the beneficiaries entitled—has been maintained. There is also a growing tendency to utilize the machinery of the Board as the medium of the receipt and disbursement of funds accruing to Natives from various sources. During the year under review the total receipts were £33,975, while disbursements were £35,802. The liability of the Board to the Native beneficiaries at 31st March, 1937, was £54,275, the majority of the funds being nominally at call. Liquid funds in cash and deposits totalled £21,019, providing more than an adequate cover against disbursements exceeding current receipts. However, as the funds held by the Board at call show a tendency to increase it is the Board's intention to make further investments in approved farming securities when opportunity offers.

After providing for a contribution of £1,260 towards administration costs the balance of income over expenditure for the year was £1,650.

Investments.—Mortgage investments amount to £27,615. Of this sum, £16,985 is invested in farming properties managed by the Board, and the balance principally in advances to Natives who are farming their own holdings. These investments are under the control of the Native Department's Supervisors, who advise and supervise the farming operations. While in most instances further development-work is financed out of revenue there has been a general reduction in the indebtedness of the various Board mortgagors, a result attributable to the energy and progress of the Maori farmers combined with improved economic conditions.

Common Fund investments total £68,936, including £49,996 invested in a farming property and £18,940 held on deposit by the Native Trustee.