

18. *Mr. Houston.*] That is gone?—Hopelessly gone.

19. *The Chairman.*] They could only claim £150,000?—I have no doubt that under a proper arrangement they might take less, for to get possession of all these lands there will be terrible litigation. Terrible hardships will be inflicted. All sorts of questions can be raised right and left—questions of law and questions of fact.

20. Where are these lands situated?—Mostly around Gisborne, and in different parts of the East Coast. [Witness pointed out several of the larger blocks on a map.]

21. Who valued these lands?—Mr. Aitken Connell, and a ridiculous valuation it is. He has valued some of the land at £2 an acre, for a great part of which £1 an acre annual rental can be got at any time. Another block he has valued as worth £1 15s. an acre, for parts of which £1 10s. an acre can be got under lease, and for the worst parts £2 as purchase-money. The average all round of the whole estate would bring in £1 10s. an acre.

22. Are the titles secured?—They are said to be completed, but titles may be said to be complete when they are only complete under the Native Land Act. That, also, might mean endless litigation.

23. But if the Government were to take these lands over there would still be litigation?—There could not be any litigation if they could get their titles by statute. It is parliamentary interference that has taken £80,000 out of the pockets of these people. Everything was perfectly *bona fide*; both parties—Europeans and Natives alike—have acted with wonderful good faith under their agreements. The Natives all through the North Island regard with considerable sympathy the position of the Europeans. They are waiting the result of this last experiment to see whether their lands can be handed over for the purposes of settlement. It is most cruel the manner in which the operation of the laws and the action of the Government have condemned these people to lose their property. The lands themselves, if taken at a valuation, cut up for settlement, proper reserves being made for the Natives, would be a public benefit. There are people now leaving the district who would remain if they could get land to settle on. They are only waiting now to see what may be the result of this last effort.

24. You say that the 130,000 acres would average £1 10s. an acre all round?—Yes, if properly cut up.

25. That would be £195,000?—I believe it will bring in good interest on the money they are valued at. The valuation of Mr. Aitken Connell was simply monstrous. Everybody laughed at it. We were in treaty for the Pakowhai and Paramata Blocks—one 8,000 acres and the other 5,000 acres—for £42,000. There were 10,000 sheep on them. The sheep alone would have paid the interest, being depastured upon the hills. The flat land would then have brought in a large surplus. If these lands were cut up and offered for lease or sale they would fetch half as much again.

26. *Mr. Houston.*] What was the area of land when the company was first formed?—One hundred and sixty thousand acres freehold tenure, 100,000 acres leasehold; the leasehold is a part of Mangatu Block No. 1. That leasehold has fallen through, because the company has not paid any rent. Wi Pere's people are the owners; they would be only too glad if the Government would take it over for settlement; the leasehold could be changed in that case to a freehold tenure. The Government may, perhaps, intervene so as to prevent any ultimate loss to the public. Very strong language, I am aware, has been used in condemnation of the action taken by the Government. If the Committee would not mind me making a suggestion I would urge that Parliament should be recommended to empower the Government either to deal with this matter itself on fair terms, or, if any Board should be created by Government under new legislation, the Government should assist such Board towards bringing about the settlement of these lands.

27. *Mr. Carroll.*] What is the present position? Is it not a fact that some of the titles are in dispute between the Native owners and the company?—Yes; in some cases they are disputing the titles. That, however, is a mere matter of law.

28. Would you express any opinion on the subject?—I am not prepared to give an opinion on that subject. Owing to the complicated state of the Native-land laws, through constant alteration, it is dangerous to give an opinion as to the position of Native land.

29. But you say that some of the titles are disputed?—Yes; but I think the Committee should bear in mind this fact: that where a deed is disputed that alone would be a strong argument with the Assets Company to strike downwards the amount they would require, so as to leave a less balance lying on the land.

30. Do you think there is a possibility of coming to an amicable arrangement between the parties all through?—Yes; I think that if the Government would step in and treat, the whole thing could be arranged. I do not say that the Europeans would get back all their money or the Natives all their land.

31. There must be give and take on all sides?—Yes; otherwise it cannot be done. If it were done it would be an immense boon to the whole district. The Chairman of this Committee knows the district well, and can corroborate what I say.

32. *The Chairman.*] Yes; the subject has been brought before me by the local authorities there. Has Mr. Rees any further information to give the Committee?—If the Government were authorised to deal with the matter they could meet as an umpire between all parties. The whole thing could be arranged either through the corporate bodies or by themselves.

33. *Mr. Carroll.*] Was there an attempt made by the late Government to deal with these lands?—Yes. In the Bank of New Zealand, in Auckland, Mr. Murray, Mr. Mitchelson, and myself to a certain extent agreed about these two blocks I have mentioned, but they were frightened at the low valuation made by Aitken Connell. They were also afraid of the opposition in the House; that is the long and the short of it. The ten thousand sheep would have paid the interest. The whole of the sheep would have been kept on the hilly side of the land; the whole of the flat land could be cut up for leasing and reserve. The whole thing was perfectly safe and sound. A compromise could have been made with the Assets Company for the other lands,