

TUESDAY, 14TH DECEMBER, 1897.

Mr. W. G. FOSTER, Manager of Bank of New Zealand Assets Company, examined.

1. *The Chairman.*] Mr. Foster, the Committee have been considering a petition in reference to some lands on the East Coast. I do not know whether you have seen the petition or not?—No; I have not seen the petition.

2. Do you know anything of its contents?—No.

3. The petitioners pray that some of the lands on the East Coast which are under the Estates Company should be removed from being dealt with by Messrs. Carroll and Wi Pere as trustees. The Committee are anxious to know from you something of the value of these blocks of land. They have had some general information from Mr. Jackson, and it was thought better to postpone consideration of the matter until you were present in Wellington. Will you kindly state your idea of the value of this land, and if you can make any suggestion that will enable the Committee to come to some determination as to how these lands should be dealt with in the interests of all parties—Europeans and Natives?—As regards the first question—that of value—I may say that since having control of the Estates Company's assets I have, so far, taken no steps whatever to ascertain the value of the lands; for this reason—that it meant expense; and the position which the Estates Company has stood in has been, to my mind, one of very considerable insecurity, and one that necessitated the exercise of economy, and as little expenditure as possible. These were my reasons for not taking steps to ascertain values. I consider the security we hold as certainly not more than sufficient for the debt. In saying that it is not more than sufficient, I speak of the country in its present condition. It is for the greater part in a virgin state, and to render it in any sense marketable would require a considerable amount of money being spent upon it. The bank has recently been negotiating with the trustees and the Court for the establishing of the validity of the titles over lands held by the Estates Company, and over which the East Coast Land Settlement Company had claims. We have recently succeeded in getting security as far as was economically available, and the bank has, conditional upon such additional security, agreed to manage these properties—of course, at its discretion in regard to prudent and good management—in such a way as to, as soon as possible, bring them into a condition favourable to European occupation under lease, or by sale. I do not know that I have any suggestion to make as to any other scheme. The control of these particular estates has been handed to me by the bank, and I think it is only necessary to show the intention of the bank to do the best for the properties, and to say that the bank looks upon investments of this nature as not altogether legitimate banking business, and decidedly unremunerative—the money would be very much better in their own hands to turn over; and the bank's object in connection with these properties is to get, as soon as possible, a revenue of such a nature as will enable the shifting of the mortgage into the holding of other people. In order to do that, it will be necessary to create, if possible, a margin of value over and above the bank's debt; and that we shall proceed to do by carrying out surveys and breaking-in of new country where likely to be profitable as rapidly as we can. The method that we have in hand is what we should recommend if the estates were under any other proprietary or management. I may say the great source of trouble and loss in respect of these East Coast lands has been the legal costs. Very large sums have had to be paid out in costs; and, unless this is controlled in the future, very large sums will have to be paid, because where the trustees employ a solicitor I naturally have to employ one to meet him. But my intention is, if I can so work it, to bring such pressure to bear as will compel a discontinuance of this everlasting legal engagement, and to work the business without legal costs. I think, in regard to this estate, there is no other suggestion I can make to the Committee. The bank's position is such that they would naturally like to get their money.

4. *Mr. Stevens.*] What is the necessity for all this legal intervention if the bank holds good security?—Well, there is a necessity for legal assistance to some extent, but to my mind it has been excessive; but it has not been initiated or even acted upon by the bank except in defence. Mr. Rees has been the solicitor for the trustees, and has practically been the mouthpiece of, and manager for the trustees. You can understand why, when the business is conducted by a solicitor—and to some extent adversely to the mortgagees, the bank being mortgagees—we have had to meet them with another solicitor. But the arrangements now come to, as the result of negotiations I have had, have, I think, placed the bank in a position that will enable it to dictate as to unnecessary employment of solicitors by the other side. We shall not employ a solicitor, except in matters such as transfers, until the trustees do, or unless compelled.

5. *Mr. Heke.*] And how can you prevent the trustees from employing a solicitor?—By stopping financial supplies, which is a very effectual way.

6. Did you say you had any objection to the trustees or any other party procuring legislation such as would enable them to borrow from some other source and pay off the liability to the bank?—No; we shall be only too glad to get our money at any time, even without notice.

7. As far as I can understand, it is the desire of all parties to bring about legislation to render it more simple to negotiate with some other institution to advance the money?—That is certainly the desire of the bank.

8. *Mr. Wi Pere.*] I have one question that I would like to ask. Do you not think it would be possible that you yourself could personally approach the Government and suggest a clause to be inserted to stop any further interference on the part of lawyers in these matters?—I do not like to approach the Government for any assistance that we think we can dispense with. My strong impression is that, by the arrangements come to, the bank is now in a position to say, We shall refuse to allow this expenditure—we shall refuse to find the money; and nobody else will.

9. Supposing trouble arises or proceedings of any nature are instituted by one particular side, and a lawyer is employed in their behalf, can you possibly hope to oppose the action successfully unless you employ a lawyer on your side?—There are only two parties concerned—the trustees and the bank.