

The notice was 'given, and expired in March, 1894. In 1893 it was found that, as the interests of the rival lessees overlapped, it was impossible to work the land under two separate ownerships. The matter in dispute was submitted to the Supreme Court without avail, which forced parties to come to a compromise, and Mr. Pharazyn sold his interest in his homestead freehold, his stock of sheep, cattle, and horses, his lease of 11,000 acres, his agreement to mortgage, and good-will, for £18,000, and obtained a mortgage over the whole, and, in addition, a security over 2,000 acres of land in those blocks owned by Te Ama and his brother, and all leasehold and other rights they possessed in the land. Mr. Pharazyn was bound by the terms of his agreement with Te Ama and Sinclair to obtain valid mortgages, and this accounts for the notices sent to the Natives by Mr. Pharazyn's solicitor, Mr. Izard, dated 7th October, 1897, to sign the deed of mortgage. Under the power given by "The Native Land Act, 1896," mortgages to about the value of £1,187 have been executed this year, and a mortgage of £1,600 in 1893, leaving a balance of about £2,200 to be further secured. The Natives concerned are no doubt placed in a difficult position. The rents they receive from their land are not sufficient to pay the present interest on the money they have borrowed, and sooner or later their lands will, unless a remedy be found, have to be sold to pay their indebtedness. Attempts have been made, through the agency of Mr. Heke, to avert this possibility by creating a co-operative company of Native owners to work the land, and out of the profits to gradually release it from its liability. The attempts, however, failed. The Natives then appealed to the Government, and the result is the Bill now before the Committee.

9. The Committee is satisfied that Mr. Pharazyn obtained his leases and agreements to mortgage in accordance with the law. The 4th section of "The Native Land Act, 1888," provides that, subject to the Native Lands Frauds Prevention Act, the Native owners could deal with their lands as they thought fit.

10. "The Native Land Court Act, 1894," absolutely forbids any private dealings with Native land, but contains a saving clause of a wide character, which did not, however, provide for agreements to mortgage.

11. The Committee is of opinion that the passing of section 3 of the Bill will not in itself beneficially affect the Natives, because it appears that in any case Mr. Pharazyn could probably obtain in the Supreme Court a charging-order on the land of the Natives who are indebted to him under the agreements to mortgage. Apart from the question of *ex post facto* legislation, the object aimed at—namely, the preservation of the lands for the Natives and their descendants—can be achieved in a simpler and more effective manner.

12. The lands concerned are good security for the money owing, at a rate of interest not exceeding $4\frac{1}{2}$ per cent. per annum, and will provide a small sinking fund (which will increase materially on the termination of the present lease) sufficient to gradually pay off the mortgage. The Committee recommends the Government to obtain legislation to enable the Public Trustee, or some other officer appointed by the Government, to accept a trust of the land, and to borrow or advance money on the security of the land to pay off the claims thereon.

13. This course will be in the interests of all concerned, and will avoid the necessity of passing clause 3 of the Bill.

14. The Committee therefore recommends that the Bill be not proceeded with.

The Committee then proceeded to consider the proposed report clause by clause, and the following amendments were agreed upon:—

Clause 8—

The word "a" inserted after the word "and," in line 4.

The word "number" inserted after the word "less," in line 4.

The word "in," after the numerals "1870," in line 5, struck out, and the word "to" inserted in lieu thereof.

The word "about" inserted after the words "rental of," in line 6.

The words "(otherwise Iraia te Whaiti)" inserted after the word "Ama," in line 8.

The words "calling on them" inserted after the numerals "1897," in line 21.

The word "the," after the word "to," in line 21, struck out.

The word "deed," after the word "the," in line 21, struck out, and the word "deeds" inserted in lieu thereof.

The words "In 1893 a mortgage of £1,600 was executed and" inserted after the word "mortgage," in line 21.

The words "and a mortgage of £1,600 in 1893," after the word "year," in line 23, struck out.

The words "owing to the state of the law" inserted after the word "failed," in line 29.

Clause 14—

The words "not proceeded with," at the end of the clause, struck out, and the following words inserted in lieu thereof: "referred to the Government, with a view of effect being given to this report."

Resolved, That the Chairman and Mr. Graham, Chairman of the Committee of the House of Representatives, be directed to move in the Legislative Council and the House of Representatives respectively, that the report, together with the minutes of proceedings and evidence, be printed.

The Committee then adjourned.