

amounted to £542, and have been applied in reduction of the debt on the block. On the other farms the actual sheep-farming operations proper during the year were nominal, the work done on them being almost exclusively confined to effecting permanent improvements, such as clearing, sowing, and fencing.

Mortgages to the extent of £8,350 have been raised during the year. The proceeds have been applied in effecting the before-mentioned permanent improvements to the farm lands and in the purchase of live-stock. Advances by merchants on open account of £2,956 10s. 9d. have been applied to the same purposes. A mortgage of £400 on Whaitiri No. 2, effected by the former Trustees, has also been taken over as a liability on that block subject to credits for rents received.

The Value of the Freehold of the lands has been increased from £241,338 to £278,310, partly by the permanent improvements effected during the year, partly by the inclusion of two new blocks (Maraetaha No. 1b and Whaitiri No. 2), and partly by increase in the Government valuations. On the other hand it has been found necessary to largely reduce the valuation of one of the blocks held under an old-system title (Te Kuri), as on a resurvey it was found that there was a considerable shortage in the area. The net surplus of assets over liabilities now stands at £250,811.

Lists of Owners.—In former years the beneficiaries, thinking their interests in a number of the blocks in the estate to be of little or no value, took no care to have the owners ascertained, and consequently in some of the blocks there are no lists of owners. I have therefore applied to the Native Land Court to finally settle a number of the lists, and the Court has done so in the several Paremata Blocks and Mangaheia No. 2d. Against the finding of the Court in regard to the Paremata lists an appeal has been lodged by a European claiming to have a beneficial interest in the blocks. The appeal has not yet been heard, and in the meantime, while it is pending, I am precluded from paying over the rents to the beneficiaries. The applications in the Maraetaha No. 2 Blocks, and in Te Kuri and Tangotete Nos. 1 and 2, are now before the Court. The lists in the other blocks will be dealt with in due course.

Further Realisation.—To give effect to the before-mentioned scheme of adjustment prepared by the Validation Court, it is chiefly necessary that the freehold of some of the blocks now in debit be realised. This applies especially to the Mangatu Nos. 5 and 6 Blocks, which comprise some 40,000 acres. I accordingly applied to the Validation Court for an order empowering me to realise the blocks, and after repeated adjournments, at which a considerable number of the owners in the several blocks in the Trust estate were present, the Court ordered that I should have power to sell or lease the land or to exchange it with Natives for the amounts claimed by the owners in the respective blocks to which the Trust estate is indebted. For these purposes it is necessary that a subdivisional survey of the blocks be made. Steps towards this end are now being taken, and the subdivision will be effected as soon as possible.

Litigation.—At the Supreme Court sittings held at Gisborne in March of last year an action was brought against me by Wetini Rikirangi and others, suing for themselves and other *cestuis que trust* in Maraetaha No. 2A, Sections 2 and 3, claiming that accounts of the block be taken under the direction of the Court as to all moneys received for or on account of the block by the Board or the Commissioner; and an order or decree that the balance which might be found to be payable in respect of the block, or incidental thereto, be paid into Court, to be distributed as the Court might direct. I defended the action on the grounds that I had already filed in the Validation Court the accounts asked for, and also that the Validation Court, under its several Acts, and under the terms of the decrees of that Court, and under the provisions of the Maori Land Claims Adjustment and Laws Amendment Acts of 1906 and 1907, had exclusive jurisdiction to determine all matters of account in respect of the Trust lands; and, further, that that Court was at the time proceeding in the matter by the preparation of the scheme of adjustment to which I have already referred in this report. By consent, the case was removed into the Court of Appeal for argument, and on its being heard the Court unanimously gave judgment in my favour. At the March sittings of the Supreme Court this year Ahenata te Maire brought a similar action against me in regard to the Nukutaurua No. 1 Block. Judgment in this case also was given in my favour. The case had already been before the Validation Court, and had been dismissed. On the conclusion of the action in the Supreme Court I applied to the Validation Court under the provisions of the scheme of adjustment to ascertain the amounts payable to the beneficiaries in the Nukutaurua Block, and also in Moutere No. 1, and for directions as to payment of the amounts, at the same time filing special statements of the accounts for the information of the Court. The accounts submitted were accepted by all parties. Unfortunately, conflicting claims to the moneys were advanced by different parties, and it became necessary to apply to the Supreme Court for directions as to the parties to whom payment should be made. Eventually the parties came to an agreement, and the amount of the claims (£1,480 1s. 1d.) was paid over. This, with the sum of £779 10s. 10d. which I had already paid in satisfaction of Herewini Patara's claim in Nukutaurua, extinguishes all claims in respect of the Nukutaurua and Moutere No. 1 Blocks. It was in the discretion of the Validation Court to have deferred payment of these sums until after realisation of the Mangatu lands above referred to; but, in view of the special hardship which the owners in these two blocks had suffered, the Court desired a settlement of these claims. Owing to these unfortunate lawsuits, there is a regrettable increase in the expenditure for law-costs, as it has not been possible to recover from the plaintiffs the greater part of the costs of these actions.

I have, &c.,

T. A. COLEMAN,
East Coast Commissioner.

The Hon. the Minister of Native Affairs, Wellington.