

Trustee's stewardship. In other words, if no profit is made, no payment should be made to the Native owners. If relief is necessary, payment should be made from the appropriate source.

210. Another unsatisfactory feature is that land may be withdrawn from the Native Trustee's management either before or after any loan capital which may have been invested by the Native Trustee has been repaid. **We consider that this position should be remedied, and that some assurance should be forthcoming that loan capital will be repaid before the management is again placed in the hands of the Native owners.**

211. There is another feature of this phase of the Native Trustee's activities which is unsatisfactory, for should his efforts to make the farms pay prove unsuccessful the losses incurred must fall upon the Office funds, or ultimately upon the Consolidated Fund, although it is realized that there is a presumption in subsection (7) of section 25 of the Native Trustee Act, 1930, that the losses will be borne by the owners. There would, however, appear to be little chance of recovery, and it is a question whether any potential losses in this direction should fall upon the Crown.

212. The sum of over £130,000 has already been advanced by way of overdrafts from the Native Trustee's Account in respect of properties vested in the Native Trustee for development purposes or properties which have been taken over by the Native Trustee on default by mortgagors. In the latter class particularly, we are of opinion that securities which have been taken over to protect the Native Trustee's interests should not be carried on under the provisions of section 25 of the Native Trustee Act, 1930, but should be realized as soon as practicable. Experience has shown that there is little justification for any Government Department endeavouring to farm properties.

213. The following comments in connection with some of the properties being managed by the Trustee are submitted :—

214. *Aohanga Station.*—This station is owned by about 275 Natives, and on the expiry of a lease of the land the Natives applied to the Native Minister to have the property taken over, and special legislation was enacted in 1919, vesting the land in the Native Trustee for farming purposes. The owners were allowed the rental paid by the previous lessee, approximately £1,800 per annum. The Department has expended over £85,000 on scrub-cutting, fencing, stocking, &c.—all on the recommendation of one officer. Unquestionably, too much confidence has been placed in the judgment of one officer, **and we cannot too strongly deprecate the investment of such a large sum of money without consideration by an Investment Board. Further, the payment of £1,800 per annum to the Native owners does not appear to be justified, and should be stopped.**

215. *Hereheretau and Te Hoia Stations.*—These two stations were acquired in the years immediately succeeding the war out of funds, amounting to £42,000, raised under the War Funds Act, 1915. The funds were placed in the hands of trustees, who, in 1916, were given statutory power to acquire and work farm lands. By 1925 the trustees, of whom the Native Minister was a member, ran short of funds, and to overcome the difficulty section 23 of the Appropriation Act, 1925, was passed, transferring the whole fund and the responsibilities of the trustees to the Native Trustee. The liabilities secured against the stations at this time amounted to £17,000; thus approximately £59,000 has been sunk in the venture.

216. Hereheretau Station comprises 3,837 acres of Crown leasehold near Wairoa. The Native Trustee has greatly improved the property since he took it over, but only in one year has a profit been realized—viz., in 1927–28, when a credit of £18 was shown. It is quite possible that had the depression not occurred the efforts made to save something of the original war funds might have been successful, but the prospects are now extremely doubtful. As matters now stand, the only courses open to the Department are to realize at a substantial loss or to carry on until the land-market improves.

217. The amount owing to the Native Trustee is approximately £24,000.

218. Here again we consider that such a large sum of money should not have been expended without the authority of an Investment Board.

219. Te Hoia Station comprises 6,200 acres of Native land at Hicks Bay. The original farm, containing about 5,000 acres, was unsuitable as a separate unit, and to make it properly self-contained an area of 1,200 acres of adjoining land was acquired. The property appears to have been a bad proposition from the commencement, and in view of the liabilities now outstanding there appears to be little possibility of disposing of the land to advantage. The amount owing to the Native Trustee is now approximately £27,000, while mortgages total £8,500.

220. **Here again the investment of such large sums of money involving contingent losses to the Consolidated Fund should not have been undertaken without reference to the Board.**

NATIVE DEPARTMENT.

221. The administration may be divided into three sections—namely, Native Land Courts, Native Land Purchase Branch, and General (including co-ordination of Board and Court work, control of farm-development, &c.)

222. The Permanent Head of the Department is the Under-Secretary, who is also the Chief Judge. The functions of the Department, including Native Land Courts and Maori Land Boards, may briefly be summarized as follow :—

Native Land Courts.—There are seven Native Land Court districts, two Courts being located at Auckland, one at Rotorua, one at Gisborne, one at Wanganui, and two at Wellington, one of which is for the South Island. A Judge is attached to each Court. In view of the diminishing Court work, we understand that it is proposed to retire two of the Judges. There is power for the appointment of