

SESSION II.
1906.
NEW ZEALAND.

USURY ON LOANS TO MAORIS

(REPORT OF THE ROYAL COMMISSION OF INQUIRY INTO THE ALLEGED); TOGETHER WITH MINUTES AND EVIDENCE.

Return to an Order of the House of Representatives dated the 17th October, 1906.

Ordered, "That there be laid before this House a return showing the evidence upon which Commissioner Smith based his report in connection with the alleged usury on loans to Maoris at Hawera."—(Mr. MAJOR.)

REPORT.

To His Excellency the Governor.

MAY IT PLEASE YOUR EXCELLENCY,—

In pursuance and exercise of the powers in that behalf conferred on me by Your Excellency's Commission dated the 6th day of August, 1906, whereby, after reciting that allegations have been lately made from time to time respecting the practices of certain persons lending moneys at exorbitant rates of interest to aboriginal Natives of New Zealand interested in Native reserves vested in and administered by the Public Trustee of New Zealand under "The West Coast Settlement Reserves Act, 1892," in anticipation of the rents payable thereunder, whereby the said Natives are impoverished, and are prevented from paying for the necessaries of life required by them, and otherwise degraded, Your Excellency was pleased to appoint me to be a Commissioner for the purpose of making inquiry into the following matters and things, namely:—

- (1.) Whether the allegations that moneys are lent to such Natives at usurious rates of interest are true;
- (2.) Whether the Natives are thereby impoverished and prevented from improving their condition;
- (3.) What should be done by legislation or otherwise in order to prevent a continuance of the alleged evil, if it should be found on inquiry that such evil exists and that such prevention is desirable in the interests of the Natives affected thereby,—

I have the honour to report as follows:—

I. I opened the inquiry directed by the said Commission at Hawera on Thursday, the 23rd day of August, 1906, and continued the same from day to day until Thursday, the 30th day of August, 1906.

1—G. 1.

2. Several witnesses were called and examined on oath by Mr. Alexander Paterson and cross-examined by Mr. Charles R. Bayley. The Native witnesses attended voluntarily; the Europeans appeared in compliance with summons. A list of the witnesses' names is attached to this report (Appendix A).

3. The result of the evidence given before me is that the first and second questions must be answered in the affirmative. It has, in my opinion, been conclusively proved that moneys have been lent to Natives at usurious rates of interest, and that the Natives are thereby impoverished.

4. In or about the year 1894 Mr. C. R. Bayley commenced the practice of lending money to Natives, taking as security an acknowledgment under the hand of the borrower and a promise that the borrower should, when he next received a payment from the agent of the Public Trustee in respect of rent due to him, hand the cheque for such rent to Mr. Bayley. This practice has been continued down to the present time.

5. The terms upon which loans have been made by Mr. Bayley to Natives have been, so far as disclosed by the evidence, that the amount of the loan should be repaid out of the next instalment of rent paid to the borrower by the agent of the Public Trustee, together with interest at the rate of 5s. in the pound on the amount borrowed. If the amount of rent paid to the Native borrower should be less than the amount borrowed with the interest above mentioned, the balance has been treated as a fresh advance, and 5s. in the pound added thereto, the amount so increased to be repaid when the next instalment of rent is paid to the borrower.

6. As rents are distributed by the Public Trustee at intervals of six months, it appears that the rate of interest charged by Mr. Bayley is never less than 50 per cent. per annum, and in cases where the interval between the making of the loan and the payment of rent is short the rate of interest may greatly exceed 50 per cent.

7. In some cases the amount of interest charged was made to exceed the nominal 5s. in the pound by the device of charging 1s. in the pound at the time of the loan and 4s. in the pound at the time of repayment. Thus, if a Native wanted to borrow £10 he was charged 10s. for "writing out the documents." He thus received £9 10s. in cash and became liable to pay £12, which brings the interest on the cash actually received to $26\frac{2}{3}$ per cent. for any period not exceeding six months.

8. I am of opinion that such transactions are usurious, and therefore the first question must be answered in the affirmative.

9. A large number of receipts were produced by Native witnesses, which had been given by Mr. Bayley for sums repaid to him from time to time. A list is attached to this report (Appendix B).

10. With regard to the effect that such facilities for borrowing money have on the Natives who borrow, it is evident that the loss of a quarter of their income is a serious one, especially where the income derived from the rents payable under "The West Coast Settlement Reserves Act, 1892," is small. It is also evident that facilities for borrowing money in anticipation of those rents must militate against the acquirement of habits of thrift. Some of the Native witnesses have alleged that they are compelled to borrow from Mr. Bayley because the storekeeper will not give them credit, and they can get cash to pay for necessaries from no one besides Mr. Bayley. On the other hand, the storekeepers who have given evidence allege that they have ceased to give credit to Natives because of the difficulty they have experienced in recovering payment. If they rely on payment when rents are distributed they find themselves forestalled by Mr. Bayley, the money that would otherwise be available for payment of debts due to them going to repay loans advanced by Mr. Bayley. The Natives defend themselves by saying that they must have food, clothing, and other necessaries; that they can buy them only for cash, and that they can only get cash by borrowing. Thus, a Native having once anticipated his rent by a loan is unable to retrieve his position; each half-year he has to ask for a fresh loan to carry him over the ensuing period of six months, and at the rate of interest charged he has only three-fourths or less of his income available for his support. Hence I am of opinion that Natives who borrow are thereby prevented from improving their condition, and the second question must be answered in the affirmative.

11. I find some difficulty in suggesting a remedy for this evil which will be entirely effective.

12. Three possible courses suggest themselves, but I fear none would entirely prevent clandestine transactions. They are,—

(a.) To prohibit by statute, with the sanction of a substantial penalty, all money-lending transactions of the nature disclosed by the evidence.

(b.) To limit by statute the amount of interest chargeable in such transactions.

Both these courses have, I fear, the fatal defect that they could easily be evaded.

(c.) To empower the Public Trustee, by statute if necessary, to guarantee the payment of debts incurred by Natives for necessaries, to pay the amounts so guaranteed, and to deduct them from rents as and when they become payable.

This last suggestion, if carried out, would doubtless materially increase the work of the agent of the Public Trustee; but that disadvantage would, I submit, be more than counterbalanced by the protection afforded to the Natives. It would remove the objection which tradesmen now raise to giving credit to Native customers, and it would at the same time destroy the value of the rents as security for money-lending transactions.

As a tentative remedy for the existing evil I submit this third suggestion for Your Excellency's favourable consideration.

Given under my hand and seal, at Wellington, this eighth day of September, one thousand nine hundred and six.

H. G. SETH-SMITH.

APPENDIX A.

LIST OF WITNESSES WHO GAVE EVIDENCE BEFORE COMMISSIONER.

Te Hokio,	Frank Andrews,	Rourangi,
Whareaitu,	Rev. Thomas Godfrey Hammond,	Tu te Purangi,
Tonga Awhikau,	William Williams,	Ngarangi Katitia (Broughton),
Marokapa,	William Fox Omahuru,	Natanahira Ngahina,
Hugh McKoy,	Kuini Wi Rangipupu,	Tupatea.
William Henry Webley,	Whakawiria,	

APPENDIX B.

Receipts produced by Te Hokio.—£10, £3, £10, £27 19s. 6d., £23, £20 11s. 10d., £3, £17 5s. 8d., £4 15s., £27, £10 11s. 8d., £5, £15, £10, £19 15s. 2d., £29 10s. 6d., £22, £9 16s., £7 8s., £3, £26 12s., £3 16s. 9d., £2, £3: total, £314 2s. 1d.

Receipts produced by Marokapa.—£17 1s. 3d., £1 9s. 6d., 5s. 3d., £1 16s. 6d., £17, £1, £2 17s. 6d., £5, £11, £1 12s., £10, £20 2s. 6d., £5 14s. 9d., £11, £7, £12 10s. 5d., £3, £4 16s., £6 12s., £16 6s. 6d., £22 10s., £12, £9 6s. 6d., £4 16s., £14 10s., £3, £2 7s. 6d., £6: total, £230 14s. 2d.

Receipts produced by Whareaitu.—£32 13s. 8d., £32 8s.: total, £65 1s. 8d.

Receipts produced by Whakawiria.—£8 9s., £8 0s. 8d.: total, £16.

Receipts produced by Rourangi.—£4, £6 5s., £4 16s., £2, £4, £7 12s., £10: total, £38 13s.

Receipts produced by Tonga.—£4 6s. 6d., £8 16s., £6 1s., £9 16s. 2d., £5, £8 12s., £7 4s., £6, £5 5s. 6d., £21 9s. 3d., £3, £1 1s. 8d., £3 6s. 9d., £8 9s., £7 12s., £8 8s., £2 8s., £5 17s., £1, £1 16s., £4, 16s., £4 16s., £4, £3, £3 12s., £1 4s., £3 7s. 6d., £4 16s.: total, £135 14s. 4d.

Grand total, £800 14s. 3d.

MINUTES OF INQUIRY.

HAWERA, THURSDAY, 23RD AUGUST, 1906.

Present: H. G. Seth-Smith, Commissioner; E. A. Welch, clerk; Patrick Herlihy, interpreter (sworn).

Commission opened at 10.30 a.m.

Commission read in English and Maori.

Mr. Alexander Paterson and Mr. C. R. Bayley present.

Mr. Paterson asks for summons to witnesses (list in letter of 15th August).

Summons to issue; to be served by registered letter.

Mr. Bayley asks for copy letter Paterson to R. J. Seddon, 9th April, 1906.

Copy to be taken.

Commission adjourned to 11 a.m. Friday.

FRIDAY, 24TH AUGUST, 1906.

Commission adjourned to 10 a.m. Saturday.

SATURDAY, 25TH AUGUST, 1906.

Commission resumed at 10 a.m.

Mr. Paterson asks that his letter to the Right Hon. R. J. Seddon be read in Maori.

Letter read accordingly.

Mr. Paterson: I wish to state my position. I do not wish to accuse any individual. Lands are vested in the Public Trustee, who collects rents half-yearly. System outlined in letter defeats object of law for protection of Natives. In obtaining advance Native will not be deterred by high rate of interest. The Public Trustee might be authorised to make advances. Witnesses will state they have had to pay 5s. in the pound for a term not exceeding six months, amounting to 50 per cent. per annum. Will prove C. R. Bayley has been present when Mr. Fisher pays out rent, and has received cheques. Result is, tradespeople have stopped giving Natives credit for necessaries. Reserves for cultivation by Natives were made to encourage them to support themselves. These reserves have now been let, and the Natives have no land to cultivate.

Te Hokio (sworn): I live at Taiporohenui. I have had dealings with Mr. Bayley, now in Court. I have borrowed money from him. The interest was 5s. for £1, payable in six months, or until the rent is paid. As soon as I receive the rent I pay it to Mr. Bayley. If I did not repay at the end of six months, Mr. Bayley would allow me to repay it at the following six months with interest added. If I borrowed money to-day and rent became payable to me in one month, I should

be expected to repay the loan out of that rent, with 5s. in the pound interest. The interest is the same—viz., 5s. in the pound—whatever the term may be. If the rent is insufficient to repay the loan and interest, the balance is held over for six months, with interest 4s. in the pound. Mr. Bayley gives me no account when I borrow money.

To Commissioner: I get receipts.

Examination continued: I have receipts with me, which I produce. [Receipts produced, marked A.] I do not understand them, because they are written in English.

To Commissioner: The first receipt, 20th January, 1901, £10. I do not know what account, Wilson.

Mr. Bayley: Mr. Wilson and I registered under "The Money-lenders Act, 1901."

Witness (to Commissioner): The receipt, 21/2/06, £22: I paid that to Mr. Bayley to pay my bills.

Examination continued: I understand Wilson and Bayley are acting together, and that Wilson supplies the money and Bayley carries out the transaction with the Maori. When Mr. Fisher pays our rent, sometimes he does so in town, sometimes at our kaingas. When payment is made at the kainga Mr. Fisher is accompanied by his clerk and by Mr. Bayley. When paid in Hawera Mr. Bayley is sometimes in the room. Sometimes he stands at the door. At the kainga Mr. Bayley is present when the cheques are paid.

To Commissioner: The last payment was made a few weeks ago in the Native Office in Hawera. Mr. Fisher and his clerk were there. Mr. Bayley was not there. I did not see him. Last January Mr. Bayley was standing outside the Native Office while we were receiving payments. I was paid by Mr. Fisher a cheque for, I think, £25. I handed it to Mr. Bayley. He gave me a receipt. I identify the receipt, 21/2/06, as the one he then gave me. I owed about £31 or £32 at that time. The cheque I received and gave to Bayley may have been for £22. I am not sure. About £9 or £10 still remained, and Messrs. Bayley and Wilson lent me the amount to enable me to repay them. I was not told how much I owed, but I knew I should have to pay 4s. in the pound for interest. I owe £12 now. As to the £31 or £32, I owed in January, I asked Mr. Bayley for a loan, but I cannot remember how much I received.

Examination continued: I do not know how long I had had that money. It had been owing six months. I signed a document of some kind when I got the £9, showing how much I had received and how much I had to pay. Each time I borrow money I sign a promise to pay. I know it is, because Mr. Bayley told me in Maori. I cannot say whether there is any Maori writing on the document or not. The amount stated in the document includes the interest. Sometimes I see these documents again. Mr. Bayley has not returned any of them to me.

To Commissioner: So far as I know, they are all still in Mr. Bayley's possession.

Examination continued: To the best of my belief this document is written in Maori, because I think I remember having read it once. I take Mr. Bayley's word that the amount is correct. I know the amount I borrow, and Mr. Bayley works out the amount of interest. I pay him 1s. in the pound in cash, and he adds 4s. in the pound to the amount of the loan. I cannot remember any instance when I had difficulty in obtaining payment from Mr. Fisher in Mr. Bayley's absence. I have been told by several Natives that if this practice of Mr. Bayley's were stopped I should be in a worse position than I am now, and unable to borrow money anywhere. Mr. Bayley never told me so. I am residing on land belonging to my mother, which I cultivate. It was leased, but the lease has expired. Twenty acres were leased. I received no rent; my mother did. Rent was 12s. an acre. I considered it should be 15s. an acre. I do not know who arranged the lease. The rent was paid to my mother. I remember a transaction with you (A. Paterson). I was to pay you about £10 some time ago, when I received rent. You were pressing me for payment, and I promised to pay when I received rent. I told you I had received rent from Mr. Fisher, but Mr. Bayley had got it. The amount of the cheque was £30 5s., and all I had left was 15s. Mr. Bayley had taken £29 10s. in payment of a loan of £23. This was in August, 1905. Two days later I borrowed £10 from Mr. Bayley, and signed a promise to pay £12 10s. Mr. Bayley came with me to pay you, and paid you £7 10s. I produce the receipt (B). I knew Mr. Paterson got only £7 10s. Mr. Bayley kept the difference, £2 10s. Mr. Bayley told me to pay you, Mr. Paterson, what I owed. I promised to pay you in consequence of what you said to me.

Commission adjourned to 10 a.m. Monday.

MONDAY, 27TH AUGUST, 1906.

Commission resumed at 10 a.m.

Te Hokio, on former oath (cross-examined by Mr. Bayley): I can read and write Maori. I have had a good many transactions with Europeans about land. I first came in 1894, to the best of my belief. I wanted to borrow some money. I do not remember what I wanted it for. I was not being pressed by any one for money. You told me I should have to pay interest. You said 4s. in the pound. I agreed to that, because I wanted the money quickly. I did not at that time offer any security. I knew the amount of my liability to you for principal and interest. I signed a document which you have. I have received money from you without signing for it, not exceeding £2 at any one time. I can always learn how my account stands by coming to your office. I am shown the ledger. When I get a loan from you I always know at the time what I owe, though sometimes I forget afterwards. Rents are paid to me by Mr. Fisher. When I get a cheque from him I give it to you. I did not give it to Mr. Paterson, because I saw you first. Sometimes you ask me for it. Sometimes I give it to you. If I gave it to any one else perhaps you would be angry with me. You always give me a receipt when I give you a cheque. My last cheque was 9th August,

1906. It was paid to me in the Native Office. I did not see you there. I saw you in your office afterwards. You have told me not to come to you to borrow money. I have said I was in great trouble and needed the money. You have told me to pay my debts to tradesmen, and that you would lend me no money till I paid them. Other Europeans go round at pay-time to collect money from the Natives. When I said in examination-in-chief that you had got my cheque, I meant I had given it to you. You did tell me I ought to pay Mr. Paterson my own and my wife's account. I kept on coming to you because I could not get money from any one else at a lower rate of interest. I do not know any one who would lend it to me even at a higher rate.

Mr. Bayley: Do you think you have become degraded and impoverished by borrowing money from me?

Witness (giving no direct answer to the question): I do not consider you have done wrong in lending me money. About two years ago I set up an office in Hawera for lending money to Natives. I induced a European to advance money to lend to the Natives. He did not take the business out of my hands because I was cheating him. I did collect money for him. I have no money left out of the transaction now. I owed him £195, for which I gave him my land for ten years, commencing some two years ago. I charged the Natives 2s. 6d. in the pound for six months. I did not get 1s. in the pound remuneration. When I lent money to Natives I took acknowledgments from them. I remember lending £20 to Taari Taohua. I gave stamped receipts when money was repaid. I recognise the receipts now shown to me. I do not consider I was degrading or impoverishing the Natives by lending them money. When Mr. Fisher paid out rents I used to go round with a receipt-book and change, but you got most of the cheques from the Natives. Those that owed you no money paid me. You received most of the moneys. While I was engaged in this business I owed you money. I owe money now for loans from other Europeans. Several summonses have issued against me. You have helped me in my difficulties otherwise than by lending money. I was in trouble the other day in the Police Court, about three weeks ago. A warrant issued for my arrest for non-payment of fine. You paid for me. I have not repaid you.

Re-examined by Mr. Paterson: When I borrowed money from Mr. Bayley I had to pay 1s. in the pound cash, as I stated on Saturday. I did not sign acknowledgments for small sums handed me in the street. Mr. Bayley never rendered me any account apart from showing me the ledger. I took Mr. Bayley's word for its being correct. I remember how much I owe for the current six months. Mr. Bayley told me it was £34. If he had said £35 I should have been satisfied. It was always stipulated that the cheques when paid should go to Mr. Bayley. I do not think Mr. Bayley is a hard man—he has not been hard on me. No matter what quarrel we might have, he was always willing to lend me money. Once I received my cheque without having to hand it over to Mr. Bayley. On one occasion Mr. Bayley gave me 15s. change when I paid him my cheque. I do not remember any other occasion when he gave me change. He advanced me practically the whole amount of the rent coming to me, and charged me 5s. in the pound. When I was sued I gave my cheque to Mr. Bayley, because I understood he was going to pay my debts. When Mr. Bayley paid my fine the other day I understood it was on the usual loan terms—viz., 5s. in the pound. I tried to find a European who would lend money at a lower rate than Mr. Bayley. I found one who would lend at half Bayley's rate. When it came to collect the debts, Mr. Bayley's methods were too strong for me. The European was unregistered, and retired from the business. I did not hear any Native refuse to pay because the European was unregistered. The money I owe to other Europeans is for goods supplied, not for money lent.

To Commissioner, at Mr. Bayley's request: I have never had any reason to believe Mr. Bayley's account was incorrect.

Whareaitu (sworn): I live at Keteonetea. I have borrowed money from Mr. Bayley. He charged me interest 5s. in the pound for six months, the loan to be repaid within six months if rent became due. If loan was repaid one month after, the interest was just the same, 5s. in the pound. I have repaid Mr. Bayley. I left the receipts at home. There has never been any balance remaining due after I have paid. I could produce receipts to-morrow.

Mr. Bayley reserves his cross-examination till receipts are produced.

Tonga Awhikau (sworn): I live at Ketemarae. I have borrowed money from Mr. Bayley at rate of interest 5s. in the pound. One shilling in the pound is paid when the loan is made, and 4s. in the pound when the loan is repaid. The loans were for six months, to be paid earlier if rent was paid earlier. If repaid within a month, or even a week, the interest was the same, 5s. in the pound. If the rent is insufficient to pay the debt, the balance runs on for another six months, and another 5s. in the pound is charged. I have repaid to Mr. Bayley all that I have borrowed. I paid him £4 16s. on the 9th of the present month. The receipts I have brought with me are some given to my sister. I can get those given to myself.

Further examination reserved.

Maro Kopa (sworn): I live at Fraser Road, near Normanby. I have borrowed money from Mr. Bayley. At first I used to pay Mr. Bayley 2s. in the pound interest; latterly I have had to pay 5s. in the pound. I pay the 5s. when I repay the loan. The loans are made for six months and under, according as rent is payable. Sometimes I make a stipulation with Mr. Bayley as to when I will repay him. There is a stipulation that when I owe him money my rent-cheque shall go to him. Mr. Bayley is present when Mr. Fisher pays rent. I have receipts for amounts paid by me to Mr. Bayley. I produce some of them; the others are at home. The first transaction was in 1897, when 2s. in the pound was charged. The rent has never been insufficient to repay Mr. Bayley. Sometimes he has paid an outside account for me. If there is a balance still owing I am charged another 5s.

Cross-examined by Mr. Bayley: I have a farm and stock, and am in a fairly good position. I came to you to borrow money in accordance with Native custom when we had a big meeting. I came of my own free will. I knew you would charge me 5s. in the pound. I will explain why I

came to you. My European tenants refused to advance money to me, and told me to go to Mr. Bayley. You advanced the money to me probably because you wanted the 5s. interest. You never refused me when I was in trouble. I did not ask you to lend me money on Saturday. You lent me 2s. that day. I have paid you 5s. in the pound for all the money shown on receipts I have produced. Some of them relate to my mother and my wife, whose affairs I manage. I received the money from you to pay other tradesmen. Sometimes I sell cattle, and receive money from auctioneers. I object to the 5s., but I must get the money somewhere, and there is nothing to do but go to you.

Commission adjourned to 2 p.m.

Resumed at 2 p.m.

Cross-examination continued: At the time I got the money I did not complain about the 5s. I do not complain now. I have come here because Mr. Paterson asked me to come. I know the custom of having a Maori bank in the pa. Its object is to buy necessaries of life. The bank lends money at rate of 2s. in the pound for six months, but the borrower has to give security—a horse, or something of that kind. The bank charges 4s. in the pound every three months, and the borrower has to give security. It does not exist now. We used to draw rent from Fisher, but when Mr. Bayley came he got our cheques, and the bank ceased to exist.

Re-examined by Mr. Fisher: I had to borrow money from Bayley, although my tenants owed me money. Corrigan was one of the tenants. I wanted to buy some cattle, and wanted Corrigan to lend me the money. He referred me to Bayley. Eventually Corrigan paid me rent. I do not know why he did not pay me when I was forced to go to Mr. Bayley. In all the amounts shown by the receipts produced to-day I paid 5s. in the pound to Mr. Bayley. When application was made to the Maori bank for a loan, 2s. in the pound was charged for six months, or as the Committee may have arranged. On a second application, 4s. in the pound for three months was charged.

To the Commissioner: The funds of the Maori bank were collected by us. We paid in various sums.

Hugh McKoy (sworn): I live at Normanby. I am a butcher. I have been in Normanby many years. Previous to being in business I was employed by Mr. Tarrant, of Normanby. While in his employ I did business with Natives, and had no difficulty in getting payment from them. I used to give them credit to extent of £80 or £90 every six months. Payment was made to me by the Natives when they received their rents, but latterly I have had difficulty in getting £10. That difficulty has continued on account of the presence of Mr. Bayley when rents are paid. I used to go to the pa to collect accounts. I have seen Mr. Bayley sometimes driving to the pa with Mr. Fisher. Mr. Bayley is sometimes inside, sometimes outside, but he seems to have such influence that it does not matter where he is—he gets the cheque. When I bought the business some £110 or £115 was owing by Natives, who had been paying regularly before the advent of Mr. Bayley. Afterwards I could not get payment. Mr. Tarrant sold these debts to me for £25. Some I have collected. I put the depreciation down to Mr. Bayley's operations. I have seen a great many Maoris in actual want. I have refused to give credit to those who borrow money from Mr. Bayley.

To Commissioner: I began to refuse eight years ago, but I find sometimes, where I have given credit to those who I thought were not borrowing from him, that Mr. Bayley took their cheque.

Examination continued: I should be prepared to give all the Natives credit if this borrowing were stopped, and I believe I should be paid at the end of six months. I do not think Natives look much to the future. They would not mind what interest they paid if they could get a loan to-day. I have sued one or two Natives because I could not get payment.

Cross-examined: Very little is owing to me now by Natives. I have not been giving credit. I think I collected somewhere about £75 of the £110. Some I wrote off. I always attend on pay-day. I do not think there have been three cases in which I got paid in preference to you. Natives, when they get their cheques, usually walk to you and give you their cheques. You seem to have them very well trained. I very seldom see any wrangling. There are some Natives, Nauwara, who are in want. One of them, Rori, told me they were living on flour and water. I did come to you to see if you would pay David's account. I do not consider the Natives intemperate.

To Commissioner, at Mr. Bayley's request: Mr. Bayley collected some of these debts for me at his usual fee of 5s. in the pound.

To Commissioner: Ten per cent. is the usual commission; but very few can get the money from Natives.

William Henry Webley (sworn): I live at Normanby. I am a baker. I have been in Normanby some years, and have done a good bit of business with Natives. I have had difficulty in getting payment. I have been in business some two years and a half. Before that I was journeyman baker in Normanby for about two years. So far as I know, there was then the same difficulty in collecting debts. So far as I can see, Mr. Bayley is the cause. I went to the pa last pay-day to collect some £20. I got £2 9s. The Natives gave their cheques to Mr. Bayley. In consequence of the difficulty of collection I have refused credit to the Natives. They frequently apply for it. I would be prepared to give it if they handled the money themselves.

Cross-examined by Mr. Bayley: I have had four and a half years' experience among Natives. They say they will pay when Fisher comes, and when Fisher comes they give the cheques to you. I object to their giving you the lot. I think they should share it out among us. Sometimes they pay cash. They may have got the cash from you. I should probably not say anything if they paid me instead of you.

Frank Andrews (sworn): I live at Normanby, and am a butcher. I have been in business in Normanby three years and a half. I used to give Natives six months' credit on condition they paid "when Fisher came." Latterly I have ceased to give credit, because I found I could not get the money. I have given credit to very few—only to those who have paid up. I went to the pa.

The Maoris who were indebted to me received their cheques and handed them to Mr. Bayley. I have collected some of the money since, but I have written off most of the old Maori debts. I gave the accounts to Mr. Bayley for collection. I agreed with him the commission should be 5s. in the pound. I do not think he has collected anything yet. I think the money ought to be distributed. I now refuse all credit to Maoris, because I see the money collected by Mr. Bayley.

Cross-examined by Mr. Bayley: It is some time since I brought accounts to you—soon after I started business. The accounts were mostly against Makino Natives. I believe you said you would see what you could do, but they were a tough crowd. I do not remember your saying you would not trust them yourself. You may have done so. I had no need to give them credit. The Natives in the Normanby pa do not deal with me now.

Not re-examined.

Thomas Godfrey Hammond: I live at Patea. I am the Methodist missionary to the Maoris for this district. I cannot speak as to particulars, but I know the Natives are to a great extent dependent on money-lenders. If they could not borrow they would be in a sorry position. Their incomes are anticipated either by loans or by debts to tradesmen. The tradesmen treat them with great patience, and so do those who lend them money. There is a growing indisposition to trust Natives, owing to the needs of the Natives becoming greater. The position of the Native is becoming worse. I suggest the Public Trustee should take up the question and make advances. Natives cannot go on for six months without some assistance. The Natives should be placed in a position to become farmers. The Farmers' Union at a recent meeting called special attention to it. I think the Public Trustee should encourage the Natives to work the land. It becomes known when payment of rent will be made, and people hang about to get the Natives' cheques. Some Natives even now will not take their rents. [Witness wishes to go into general question of Public Trustee's administration, but is stopped by Commissioner.] There is a considerable amount of want, owing to partial failure of potato-crop. Natives often want money in time of sickness. No hope of improvement till Natives are induced to become settlers.

Commission adjourned to 2 p.m. Tuesday.

TUESDAY, 28TH AUGUST, 1906.

Commission resumed at 2 p.m.

Mr. Paterson recalls *Whareaitu* (on former oath): I produce receipts for money I paid to Mr. Bayley [two receipts produced]. Those receipts represent money on which I paid Mr. Bayley 5s. in the pound interest.

Cross-examined by Mr. Bayley: I came to you of my own free will to borrow money of you. I understood what interest I should have to pay. I did not complain of the interest. It was arranged between us. I came here at Mr. Paterson's request.

To Commissioner: He did not ask me to come to the Court, but outside the Court he asked me to come inside and give evidence.

Cross-examination continued: I came to town to hear what was going on before this Commission. I am not in sympathy with Mr. Paterson in this case. I am not in sympathy with either side.

Re-examined by Mr. Paterson: You did not speak to me a week or ten days ago. You may have done so, but I do not remember. I remember telling you I had borrowed money from Mr. Bayley to pay Messrs. Twigg and Co. I told you I had to pay 5s. in the pound for the loan. I said 5s. in the pound was too big a price to pay. No one has advised me not to give evidence. No one has said to me it would be a bad thing to stop the lending of money to Maoris. You issued a summons against me, and I gave the document to Mr. Bayley. I mean, you sent me a document in which you said if I did not pay I should be summoned. That was, perhaps, three years ago. You may have been waiting one or two years for payment. It was not five years.

To Commissioner, at Mr. Bayley's request: I borrowed the money to pay Twigg and Co. from Corrigan, not from Bayley, and I paid no interest on it.

Tonga Awhikau, recalled (to Mr. Paterson): I produce the receipt I mentioned yesterday. [Receipt £4 16s. produced.] I have other receipts which I wish to hand in. Some belong to my sister, and some to Taari Walker. They asked me to bring the receipts here. [Mr. Bayley does not object to their being put in.] [Receipts put in.]

Cross-examination by Mr. Bayley: I swear positively I was asked to produce these receipts. You have not had difficulty in getting money from me. I owed you money during the past few years. I did go to Waitara. I did borrow money from Hokio's pakeha. I have repaid it. It is seldom you let me have any money.

William Williams (sworn): I live at Manaia. I was formerly a Native interpreter, now retired. The general effect of lending money to the Natives is that the lenders lose it. On the other hand, if the Natives can borrow money easily they squander it. They are always in straitened circumstances, and always trying to borrow money, and when they want it for a runanga or hui they are prepared to give or promise any amount for it. Their complaint is that they can only get money from one person—viz., Mr. Bayley—because others have stopped their credit. They often come to me to borrow money, but in the past when I have lent them money they have failed to return it, and hence I always refer them to Mr. Bayley. They generally reply that they do not like to borrow from him because he charges too high interest for it. I have known cases in which money has been lent them to build houses and buy cattle; but as soon as there is a meeting at Parihaka they sell and squander the money, so that what is done for them seems to be of no avail. The easy way in which they get money simply demoralises them. I think the rents have been a curse to the Maori race. It would be difficult to suggest a remedy in present circumstances. They want

to get down to the bed-rock of labour. We have begun at the wrong end, and are pauperising the Maori. I have known a young Maori become an industrious artisan because he was taken away from his surroundings. Under the present system the Natives are just rotting away. I think facilities for borrowing money are doing them harm.

Cross-examined by Mr. Bayley: My district is Manaia. I did not say credit was stopped because you lend them money. You have nothing to do with that, so far as I know. I would not lend a Maori money at any rate of interest on the personal security of Maoris. So far as I can see, it is no use giving the land to the Natives, as they will not work it. If they have cattle they sell them. I have had sixty-five years' experience of Maoris on this coast.

William Fox Omahuru (sworn): I live at Matapu. I am a licensed interpreter. I am a member of the Taranaki Maori Council, and am keenly interested in the welfare of the Natives. I have seen the effect of facilities for borrowing money. My experience for the past twenty years is that it is a common practice for Natives to borrow money, principally when they are in difficulties, for the purpose of providing provisions at a tangi or attending meetings at Parihaka. During the last few years the practice of borrowing money has greatly increased, and their income from rents has decreased, and practically they are unable to meet their liabilities to different creditors. To satisfy his more pressing creditors a Maori could not resist the temptation of borrowing, without considering the amount of interest charged. I doubt if the Natives of this district would refuse interest at 50 per cent.

Cross-examined by Mr. Bayley: It is a common practice for Natives to borrow money and to pay their debts, too. I live on the Hastings Road. I know a store there kept by a man named Crabb. He has been there a year and a half or two years. I know the Natives deal there, but I know nothing about their indebtedness. You appointed me sub-enumerator for the census. I think I reported the social condition of the Natives as improving. I consider it is improving.

Re-examined by Mr. Paterson: Sometimes I see Mr. Fisher paying rents to Natives. Mr. Bayley is present, "mostly." I do not remember seeing Natives handing cheques to Mr. Bayley.

To Commissioner, at Mr. Bayley's request: I think the last occasion was five years ago. I think the Public Trustee should organize some system of manual instruction, and should lend them money similar to the Advances to Settlers. I think the Public Trustee might help the industrious Natives by providing cows, &c., for dairy-farming.

Commission adjourned to 10 a.m. to-morrow.

WEDNESDAY, 29TH AUGUST, 1906.

Commission resumed at 10 a.m.

Mr. Paterson calls *Kuini Wi Rangipupu* (sworn): I am wife of R. S. Thompson. I live at Normanby. I have lived some years in Normanby. I am well acquainted with the Maoris of this district. Some of them receive large rents and some small. They have been in the habit of anticipating their rents by borrowing. They have told me, as they have told this Commission, that the interest they pay is large. From what I know of the Maoris' income, they have not more than enough to provide them with the necessaries of life. Some of them have not enough. If they have to pay large interest their position is worse. Some Natives have small areas reserved for their own cultivation. They cultivate them. They grow potatoes and sell them. The proceeds supply them with the necessaries of life. Of these reserves a great part has been leased to Europeans. These areas range from 3 acres to 20, 40, and in some cases 60 acres. In some cases one man owns an area. They pay rent to the Public Trustee, as Europeans do. Some of these areas the Natives have leased to Europeans through Mr. Bayley. In some cases two or three years' rent has been paid in advance at one time. These areas are insufficient to encourage industry, because the greater part is held by Europeans. Hence in several cases Maoris have borrowed money at high interest. They have parted with their land, and are in such poor circumstances that they cannot afford to buy cattle.

Cross-examined by Mr. Bayley: I do not object to the Maoris leasing to Europeans, but I do object to the system of occupation licenses. When my husband made out leases it was understood that half the rent should go to improving the land. When these leases expired the Natives came to him again and wanted to get money advanced to them. Mr. Thompson told them they ought to work the land. He did not encourage them. Some of them did not come back, and went to Mr. Bayley, to whom they were indebted. I know Marokopu's land. When he got it some of it was standing bush. I do not know much about it. I have the interests of the Maoris much at heart. I know a Maori named Haupuhiroa, my father's brother. He gave me the share of his son in the Hapotiki grant, as *aroha*. The land was inalienable, and the gift was thus ineffectual. I did not know that at the time, nor did the Court. It was you who got Haupuhiroa to deny that in Court.

Whakawiria (sworn): I live at Fraser Road. I have had transactions with Mr. Bayley. I have borrowed money from him. I have paid interest 5s. in the pound for six months. I had to repay when Mr. Fisher paid me rent, whether one month or six months after the loan. Six months was the maximum. It was stipulated that I should hand my cheques to Mr. Bayley. Mr. Bayley was present when Mr. Fisher paid me.

To Commissioner: I have had several transactions with Mr. Bayley.

Examination continued: When I handed my cheque to Mr. Bayley he gave me receipts. I produce some of them. I have lost some. [Two receipts produced.]

Cross-examined by Mr. Bayley: You have sometimes refused to lend me money. I do not know why. You have had difficulty in getting money from me. On the last occasion my father and I came to you and said my child was ill. It was on account of my father's representations

you lent me money. This was some time since January last. Since then I have received money from Mr. Fisher. I have not repaid you. I paid the money to some Europeans. I gave the cheque to one man to whom I owed £5; not for money lent. I owe him nothing now. If he told you I owed him £12 it was untrue. It was Mr. McKoy, of Normanby, to whom I gave the cheque. Five pounds was all I owed him. I owed £1 to Mr. Webley; £4 to Andrews, the butcher. I paid them. The cheque was for £10. You asked me to give you the cheque, and I refused. I borrowed money from Hokio's pakeha, and repaid him the whole. I know my father came to you about what I owed you. He was angry with me for not paying you.

Re-examined by Mr. Paterson: It is generally understood by the Maoris that these cheques must be paid to Mr. Bayley. It was arranged that McKoy should have his cheque to show that Mr. Bayley had no prior right. I asked Mr. McKoy to be present and receive the cheque. Mr. Bayley was angry, and said to me, "You've had me twice."

To Mr. Bayley, with leave: I said to you, "You and I will have a talk about this matter." Afterwards I told you McKoy had the cheque.

To Mr. Paterson: Mr. Bayley was in the room where Mr. Fisher was paying out rents.

Rourangi (sworn): I live at Ketemarae. I have borrowed money from Mr. Bayley, and have paid interest 5s. in the pound for six months. I have repaid amounts, and produce receipts. I always paid up in full.

Cross-examined by Mr. Bayley: It is some time since I borrowed money from you. You refused to lend me more because I went to Mr. Hawkin, not because there were summonses out against me. The last loan from you was in July last year. That was after I went to Hawkin (Hokio's pakeha). My rent is generally paid to me at Normanby. The last was paid to me in New Plymouth. I did not go there to evade my creditors. You lent me and my wife £1 a short time ago to buy food. I repaid you £1.

Tu te Purangi (a deaf old woman), (sworn): I live at Fraser Road. I have asked to be allowed to give evidence, because every time I receive my rent deductions are made from it, which Mr. Bayley receives. I have asked Mr. Bayley why these deductions are made. I have borrowed money from Mr. Bayley, but I have always paid him back. These deductions have been made for more than ten years. I do not know how much is deducted from my cheque each time. When I receive a cheque I give it to Mr. Bayley. I complain about the part he retains. I do not know why the money is deducted. I do not owe Mr. Bayley any money. I have no receipts or other documents from Mr. Bayley.

Mr. Bayley: I have no questions to ask. The witness knows all the circumstances, and that it has nothing to do with this inquiry.

Mr. Paterson closes evidence.

Mr. Fisher: It is only about one-eighth of the district that is affected by the evidence so far given. The terms of the Commission are general.

Mr. Bayley: If there are any Natives present who wish to say anything I ask the Commission to hear them.

In reply to question by Commissioner,—

Ngarangi Katitia (Broughton), (sworn): I live at Patea. I have borrowed money from Mr. Bayley. I went to him about five times. The interest was 4s. in the pound. I have nothing to say against Mr. Bayley. I consider the interest is in accordance with business transactions. Had it not been for Mr. Bayley's kindness, very probably I should have died. I have no complaint against Mr. Fisher, but I do complain of the Public Trustee. I think he ought to advance money to us at a low rate of interest. We represented the matter to Mr. Carroll and to the Public Trustee. They said it was quite right the Natives should receive moneys. This promise was made three years ago, but has not been fulfilled. The only way open to us is to borrow from Mr. Bayley. We consider we are suffering through the Act of 1892. We have no power to deal with our own lands. I have some seventy or eighty cows myself. I think it would be a good thing if the Public Trustee would advance money to the Maoris from time to time. I do not agree with what Mr. William Williams said yesterday. The Maoris are willing to work their land, but it is all locked up.

To Mr. Bayley.] I have nothing to say against you. The only complaints I have heard are from storekeepers.

Commission adjourned to 2 p.m.

Inquiry adjourned to 10 a.m. to-morrow.

THURSDAY, 30TH AUGUST, 1906.

Mr. Paterson asks to put in a letter from Opunake.

Mr. Bayley objects, on ground that he cannot cross-examine.

Letter not admitted.

Ngarangikatitia states that he has received a telegram from Native Minister that terms of Commission cannot be extended.

Natanahira Ngahina (sworn): I live at Koutu. When we first knew Messrs. Wilson and Bayley was in 1902. We heard they were lending money. Mr. Bayley told us he charged 4s. in the pound interest. He charged us 1s. for writing out the document. He explained this to us. He had always been very kind to us when we were in trouble. We old people are now beyond work, and the rents paid to us by Mr. Fisher are not enough to supply the necessities of life for six months. We went to Mr. Bayley to help us from the time our crops were affected by the blight. Mr. Bayley then acted to us as a father. The money we received from Mr. Fisher we handed over to Mr. Bayley. We are now practically without potatoes. If we were depending on the money we were to receive from Mr. Fisher I do not know what would happen to us. We go to Mr. Bayley

for money to get tea, bread, sugar, and other necessaries, on the understanding that we repay him when Mr. Fisher pays our rent. If he finds us running too far into debt he advises us to be careful. I want to say something about the statements that have been made that we are idle, and that going to Parihaka impoverishes us. I am a Parihaka man. It costs me 4s. to stay there for several days. At our meetings we all contribute towards purchase of provisions. We do not lose anything that way. We of the Ngatiruanui Tribe spend our money going to race-meetings and other pakeha amusements. With regard to the storekeepers, persons who have no money have to get goods on credit. The storekeeper does not recognise that this is a bad practice. It is not right to give the Maori people credit, because the Maori has no money to pay the storekeeper, and so he has to borrow money from Mr. Bayley to pay the storekeeper.

To Mr. Paterson: The 1s. referred to is 1s. in the pound. I do not know what documents are drawn up. It is a promise to pay. We were compelled to go to Mr. Bayley because we want food. He tells us to be moderate when he finds us wanting to borrow in excess of the rents we are to receive. We have made an arrangement with Mr. Bayley to hand him the cheques when received from Fisher. A good deal of the money borrowed from Mr. Bayley is for the purpose of going to race-meetings. A good many Maoris do get credit from storekeepers. I do not know why they do not pay.

To Mr. Bayley: You do dissuade us from spending our money at races. I know the people who go to Mr. Paterson for credit. Some of them buy hats, silk dresses, &c., to go to the races. The amount you returned to me out of my cheque was £29 (£49 10s. 6d.) last time. I think the amount of the cheque was £60. In former times the rents when received were all spent within a week. I have come to you sometimes for help when my children are ill. I am the head of the Hapotiki Tribe. I know several Natives have come to you for the first time because the storekeepers have summoned them. I have known you since 1880, and during that time you have never been hard on me.

To Mr. Paterson: Although Mr. Bayley tried to dissuade us from going to the races, he lent us the money all the same—10s. or a pound at the time. Some of the Maoris mortgage their horses and cows to raise money to go to the races. We raise money to redeem where we can, perhaps from Mr. Bayley. The interest we pay on loans on such mortgages is sometimes 4s. in the pound. I remember one case in which my sister borrowed money at that rate for six months.

Tupatea (sworn): I live at Manutahi. I have borrowed money from Mr. Bayley. He never asked me to do so. I went to him in trouble, and was quite willing to pay him the interest he demanded. I had no security to give except Mr. Fisher. I have also borrowed money from Mr. Hawkin. He charged 2s. 6d. in the pound. His security was Mr. Fisher, and horses, cows, buggies, &c. I paid 5s. in the pound interest.

To Mr. Bayley: You help us in trouble and are good to us, whatever the kind of trouble may be.

To Commissioner: I heard what Ngahina said about race-meetings. I go there and sometimes lose, sometimes win money; but I never borrowed money from Mr. Bayley to go to the races.

Mr. Paterson addresses the Commission.

Mr. Bayley addresses the Commission in reply. Case before Lawrence, J., in K.B.D., in which 100 per cent. allowed on ground that money could not be obtained at lower rate elsewhere.

Mr. Fisher: Maoris have no power to charge their rents (section 20, "The West Coast Settlement Reserves Act, 1892"). The Public Trustee has fulfilled his duty when cheque paid to Native. Every payment has to be witnessed by a European. I suggest the regulation should be varied. The days of payment have to be notified beforehand. As an instance of what the Public Trustee has done, see Otoia.

Mr. Paterson asks that European witnesses who have attended be allowed expenses.

Commissioner will certify for one day each at Supreme Court rates, and return fares.

Commissioner will report to the Governor.

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