

have five years to run; but in the meantime, if new leases are granted to the other leaseholders on reduced rents, the rents of these leases should be adjusted for the remainder of the said term. Some of these sections will be required for railway purposes almost immediately, as wharves for shipping coal are to be erected in their vicinity. We think it unlikely that the sections fronting on Palmerston Street in this block will be required for many years; but, as no very serious inconvenience will arise by allowing the existing leases to run out, we indorse the recommendation of the Railway Commissioners.

With regard to the other sections south of Nelson Street, and between Nelson and Bentham Streets, the Railway Commissioners are of opinion that they may be re-let for a term of twenty-one years. This term mentioned by the Commissioners is merely an arbitrary term, and, so far as we have been able to ascertain, might be extended to at least thirty years, if not to forty-two years. In support of this conclusion we refer your Excellency to the expert evidence of Messrs. Peterkin, Railway Manager; R. Young, Engineer to the Westport Coal Company; and Adam Jamieson, agent for the same company.

2. With regard to the rights of the lessees holding portions of the reserves likely to be required for railway purposes, they have no legal rights beyond those given by section 25, Appendix C of "The Land Act, 1885," which only provides for payment of compensation by the incoming tenant should the sections be re-let, and imposes no liability on the Government should the land be taken for public purposes at the expiration of the term of lease; but should the land be taken from the lessees prior to the expiration of their leases, the Government would have to pay reasonable compensation in accordance with the provisions of section 24 of "The Nelson and Westland Coal Fields Administration Act, 1877."

3. The letting and selling value of the leaseholds: We have taken a good deal of evidence on the letting value and selling or freehold value of the sections, and it will be seen that there is a great difference of opinion. We have, however, carefully gone into the question, and we consider the rents now current are much too high, and in many cases comparatively unjust. We have, therefore, made a complete readjustment, and prepared a schedule giving full particulars of our assessments of the freehold value of each section, and fair rentals thereon, which are fixed at 5 per cent. on the freehold value.

4. With regard to the question of renewal of existing leases, we are of opinion that power should be obtained to grant renewed leases without competition for a further term of thirty years from, say, the 1st January, 1894, to all those lessees of sections south of Nelson Street who shall have complied with the conditions of their existing leases by paying up all arrears of rent to the 31st December, 1893, within a given time, and that the leases should be granted at the annual rental respectively set opposite each section in the schedule attached hereto.

That the lessees north of Nelson Street should have the rents of their existing leases reduced from the same period to the amounts respectively stated in the said schedule, by endorsement on their leases.

That at the expiration of their existing leases, should renewed leases be granted for any of the sections north of Nelson Street, they should only be granted for twenty-five years, or for such term as would not exceed thirty years from the 1st January, 1894.

That in all new leases that may be granted, a clause should be inserted providing that an assignment shall not be valid unless sanctioned by the Governor within one month from the date thereof. Such a provision is absolutely necessary to enable a complete record of leases to be kept; the absence of such a clause in the existing leases has led to great inconvenience, especially with regard to collection of the rents.

5. The rights of lessees to compensation, if lands taken for railway or other public purposes: Upon this question we have already stated our opinion, that if the leases are allowed to run their full term, and the lands are taken by Government for public purposes, and not re-let, the lessees have no legal claim to compensation; but if any of the lands are taken over during the currency of the leases, then the lessees of those lands would have a claim. From the letter of the Railway Commissioners, it would appear that some thirteen sections north of Nelson Street may be required almost immediately, and the lessees thereof will require to be compensated. We have, however, refrained from making any inquiry or estimate as to the amount of compensation to which the respective lessees would be entitled, as any assessment we might arrive at would not be binding on the lessees, and might tend to prejudice the inquiry by a competent Court.

With regard to the question of providing in the proposed new leases for thirty years for payment of compensation for improvements, should any of the sections be taken by Government for public purposes at the expiration of the term, we have no recommendation to make, that, in our opinion, being a question for the Government to determine; but we recommend that the leases should provide that, if at the expiration of the term of thirty years the land should not be required for public purposes, the lessees should be entitled to a renewal of lease for such further term as the Government may then determine, not exceeding thirty years, and subject to a re-assessment of the annual rent.

6. There are no other portions of the reserve which it is desirable to lease.

In conclusion, we have the honour to report that, in our opinion, the statements set forth in the memorial attached, supported by the evidence with regard to the progress of the district, are borne out by the facts brought under our notice. The district has not progressed to the extent the lessees had reasonably anticipated. Property has, during the last few years at any rate, greatly depreciated in value; and with regard to the future, taking into consideration the very large expenditure on the Westport Harbour works during the last eight or nine years, shown by the evidence of Mr. Greenland, Treasurer to the Harbour Board, as ranging from £32,000 to £70,000 per annum; also the expenditure during the last three years of £33,000 on railway extension, and the probable,