not coupled with any duty to the parties who called upon him to exercise it; his duty was to those for whom he was trustee." This was in the case where an attempt was made under the Act of 1887 to give improvements belonging to the Natives to the lessee. Regulations were made for the purpose, and some two or three leases were actually granted. Judge Connolly was not delivering himself then in Taranaki to a Taranaki jury, but to the Court of Appeal, in Wellington, where all the circumstances were conducive to a judicial frame of mind. His judgment was not consequently affected by the interests of settlement, or by any assumption of the circumstances of a case of trespass on Native lands. The Judge indicated where other blunders had been made, such as the granting leases for thirty years. He had no occasion to refer, and he did not do so, to the reduction of rents for five years. The reserves were thus declared to be property to be administered by the Public Trustee on the principle which should regulate the administration of private property by an ordinary trustee. The land, indeed, was private property, not Crown land, or land to be administered in the interest of settlement. Until 1892, the administration was unsatisfactory, and, to provide a more satisfactory and effective scheme of administration, the late Mr. Ballance, then Colonial Treasurer, devised and carried into law "The West Coast Settlement Reserves Act, 1892." In this Act care was taken to observe the principle on which the Court of Appeal laid stress—that the administration of the reserves should be one of an exercise of discretion by the Public Trustee in the interest of his trust. The reduction questioned as arbitrary, which was made for five years, from 1888 to 1893, in the rental of the leases by the Public Trustee, was validated. That reduction was not due to an exercise of discretion by the Trustee in the interest of the Native owners, but was due to political pressure—to a consideration of the interests of the lessees. The lessees ought to have been left to their contracts. The Trustee was open to a charge of breach of trust, and it was perhaps fortunate for the Government that proceedings were not taken. There would have been difficulty in defending it as either reasonable or just. In this Act of 1892 the wrongs of the past were righted by what is described in the Colonial Treasurer's statement as a compromise. The leasing provisions of the Act are similar to those of the Land Act of 1885, to the extent that the reserves are to be leased practically in perpetuity by the Public Trustee by public tender. Section 12, however, confers on the Public Trustee a subordinate and special power of letting reserves from year to year at a reasonable rental, determinable on a three months' notice; and section 8 authorises the Public Trustee, in his discretion, to grant new leases to lessees holding under old leases. Where the Public Trustee might, in the exercise of his discretion, have agreed to grant a new lease, his decision to do so ought, consistently with the principle of discretion, to have been on the condition that he should fix the value of the land, and that there should be no appeal. I am giving you what the Act really provides. The Trustee's discretion would obviously have been destroyed by a right of the tenants to appeal against his terms. His discretion would have been transferred to valuers and arbitrators, and that would not be discretionary administration by the Trustee. No private owner would listen to a claim to appeal against his terms of sale. The Public Trustee, therefore, under this statute had, outside of section 8, only two powers—a power to grant a perpetual lease by public competition by tender at a rental not less than 5 per cent. of the capital value, and a power to grant a temporary tenancy from year to year. Section 8 authorises the Public Trustee to grant new leases in substitution of the old leases in existence, or which had expired. The Native owners and the lessees holding under the old leases were to meet for the purpose of fixing the rent in each case where the Public Trustee had decided to grant a new lease, but the Trustee had complete control of the position. It was necessary that he should have this complete control for the purpose of exercising his discretion.

143. *Mr. Duncan.*] Why were they called together then to discuss the matter?—Because the Natives desired this legislation. The Act provided that the Trustee had the authority to discard the decision.

144. *The Chairman.*] The Act places the Trustee above the Natives?—Yes. It lays in his discretion to consent or not, and in case of his inability to consent to fix the rent at 5 per cent. on the capital value as ascertained by himself. The provision that a new lease granted in substitution of an old lease issued by the Public Trustee should not be granted unless the lessee should pay for the value by which the improvements should exceed £5 per acre was equitable. It was not in the Bill as originally drafted, because the reserves, being farm lands, it was not expected that the improvements would exceed or amount in any case to as much as £5 per acre. Very few leaseholders indeed have improvements exceeding the £5 per acre. In the case of Mr. Wells, he was paying a rental of £72 a year for twenty-one years, and the market rental, according to my estimate, would have been considerably over £100 a year. If, in his meeting with the Natives, he had agreed to pay a rental of £80 or £90 a year, I should, in the exercise of my discretion, have accepted that, for it was better than the rent he was paying. I do not think on the whole it was a perfect Act in that respect.

145. But, supposing that Wells and the Natives had agreed to accept a lesser rental, you would have stepped in and refused?—I do not say what I would do. I had the power. As to that Act, the Colonial Treasurer, in his Financial Statement of 1893, said: "To the compromise which the Act has authorised, both the Natives and the settlers had been reconciled, and since the 1st November last, when the Act came into operation, the feeling of the Natives has been one of a growing reliance that the administration of their lands would be just and satisfactory." The Act, to carry out the right principle, vests the land in the Public Trustee for the purposes of an administration as entirely in the interests of the beneficiaries as if these beneficiaries, all of whom are Natives, were not Natives. The Public Trustee must exercise entirely in the interest of the Natives the authority which the Act gives him to grant a new lease. His duty is to fix, as a private trustee would fix, the terms on which he will exercise that authority, whether those terms should be of value, rent, or insurance, and to say to those who wish to deal with him, "These are the terms on which I can let you the land—you are free to take it or leave it; if you take it, I will carry out my contract, but I shall keep you to yours." With regard to that Act, Messrs. Hutchison and