is to be given could not be justified. The abolition would be in the interests of the applicants, by a provision for transferring to them, at the expense of persons for whom a trust has been created, a portion of the trust property. The applicants know the law. It was optional with them to apply, and optional also for them to accept any new leases offered in accordance with the law. The values placed upon the properties have been values which the properties would realise in the market. The lessees whose applications are approved have simply to decide for themselves whether to take the new or retain the old leases. But for the special concession, by way of compromise, of the Act, the lessees would have no option but to pay the rent under their old leases—a rent amounting, with few exceptions, to more than under the new leases they would have to pay both for rent and for the interest of the money payable for improvements. The abolition would require retrospective legislation to deprive of their property, under the law, private persons who happen to be Natives.

3. An authority to the Public Trustee to confirm old agreements between the Native owners and the settlers for the occupation of the reserves would be a very large power generally. It is a power which his refusal to exercise for the purpose of giving a right in cases of mere trespass might expose him to a charge of being arbitrary. That, however, I should not regard as a serious objection; and if the cases were generally like that of Ross, or there were many such cases, the only danger in clothing the Public Trustee with the authority would be that of the embarrassment which the precedent might involve. It would appear that, taken by itself, the agreement in the case of Ross might fairly be recognised, and that a new lease of the greater portion, if not of the whole, of the land could then be fairly entertained. But his case is supposed to be the only case of the kind.

I have, &c.,

J. G. WARD,

F. McGuire, Esq., M.H.R., Wellington. Colonial Treasurer.

APPENDIX C.

"The whole contention of Mr. Hutchison goes clearly to show that, no matter whether the lease should contain the usual form of covenant or the unusual form to which he objects, the result will be the same. The usual form, he says, gives the Public Trustee, in short, all that the unusual form gives. And he asks, What reason then, in refusing the lessee a form of covenant which does not give more to a lessee than he has by the serving of a notice? Mr. Hutchison might as reasonably have asked what reason there could be in altering the form of covenant from 'insure in the name of the lessor' to a form which would not give more to the lessee."

I furnish in a separate paper the reasons for insurance, and for insurance in the name of the lessor.

Insurance.—West Coast Settlement Reserves.

The Trustee has the right, in the interests of his trust, to require that the insurance should be in his name. But the lessees suffer no wrong, nor are they placed in a really different position by this requirement. It is necessary—(1) That there should be insurance; (2) that the insurance-money should be expended in restoration; (3) that the Public Trustee's command of the insurance-money should be such that the expenditure in restoration can be controlled by him; (4) that this command should be secured, as it can only be satisfactorily secured, by the covenant to "insure in the name of the lessor"; (5) that all possible complications should be prevented which might delay or render difficult or impracticable the expenditure of the money in restoration. The insurance covenant desired by Mr. Hutchison—that is to say, the joint insurance—would give an opening for such complications.

The mortgagee who lends money on one of these leases should be placed by a fire in no better position than his mortgagor (the lessee). That is to say, the insurance-money ought to be applied in restoration.

The Public Trustee conceives it to be his duty, where buildings are destroyed by fire, to expend the insurance-money in restoration, irrespective of any desire on the part of a mortgagee to apply the money to the payment of the mortgage-debt.

There can be no doubt that the covenant to "insure in the name of the lessor" is, from the foregoing reasons, a justifiable precaution of the Public Trustee; but if the question were one of doubt, or even of indifference, the Public Trustee, in view of the fact that his administration must be influenced by the interests of the Native owners, could not well make the desired concession.

By the Fourth Schedule to "The Land Transfer Act, 1885," the insurance-moneys are to be laid out and expended in making good the loss or damage. By statutory enactment of the Imperial Legislature (section 83 of the Imperial statute, 14, Geo. III., Ch. 78), which is in force in this colony, insurance companies are bound, upon the request of any person interested in buildings destroyed by fire, to cause the insurance-moneys to be expended in restoring the property destroyed. That statute is in force in the colony.

If the lessees really desire that when they mortgage a lease the mortgagee shall be entitled to apply the insurance-money in repayment of the mortgage-debt, and not that such money shall be applied in restoring the property burnt down, the Public Trustee would obviously be indiscreet to accede. On the other hand, if the lessees purpose to apply the insurance-money to restoration, they can have nothing more by an insurance in their own names than by an insurance in the name of a lessor whose only object is restoration, and who, in any case, can be required by lessees or mortgagees to effect restoration. The mortgaging of the leaseholds proves that mortgagees are satisfied.

The objections to an insurance in the name of the Trustee are trivial.