

If some one bid higher than the tenant—that is, offered more rent—he had to pay the outgoing lessee for the improvements. This arrangement looked very nice, but it worked badly for the Natives. When the time arrived there was nearly always a difference of opinion between the Public Trustee and the lessee as to the value of the improvements. These were in most cases absurdly overvalued by the owner. It was to his interest to make them as big on paper as possible, so that any one intending to bid against him for the rent would be deterred by the amount he would have to pay in cash for the buildings or other improvements. Arbitration was resorted to again and again, with disappointing results as far as the Natives were concerned. The reason is obvious: The whole community was interested in preventing competition, and a fair decision could hardly be expected. It was found in the end better to bargain with the tenant in this fixing of values. When at last the upset rental was fixed and the values of the improvements determined, the farce of submitting the lease to public competition was gone through. Seeing that there was a certain amount of unwillingness on the part of every one to bid at auction, the experiment of calling tenders was tried. It was a failure.

4. *Perpetual Leases.*—By section 14 of “The Westland and Nelson Native Reserves Act, 1887,” the position of the tenants was further improved. This section is very innocent-looking. It reads, “In all leases to be hereafter granted there shall be a condition for a new ascertainment of the rent at the expiry or surrender of every such lease, and the then holder shall have the right of renewal for a like term upon the same conditions and covenants (including the right of renewal), subject only to the difference that the rent shall be the rent so ascertained as hereinbefore provided.” It, however, made a complete revolution in the leases. All old leases on renewal and all new leases were made perpetual. Competition by auction or tender was abolished, and the tenant, instead of having a right to compensation for his improvements from any one who offered a higher rent, became the true owner of every penny’s worth on his leasehold. The tenants are better off now, because they have no anxiety about some one outbidding them at the expiration of their leases. This might easily have happened on the influx of strangers in numbers who would not be influenced by the happy-family conditions that have kept rents down so long. When the first leases issued under the 1887 Act expired recently, the Public Trustee, on behalf of the Native owners, asked as rent for 5 per cent. per annum on the Government value (unimproved) of the lands included in each lease. This is a fair rent, and is the basis on which values are found of an owner’s or lessee’s interest in land under “The Valuation of Land Act, 1908” (see section 39, subsection (2), paragraph (b)). For a trustee to ask less or agree to a lease for less would be a breach of trust, and the *cestuis que trust* would have an action against him for the difference. The result of this proper demand was a quite surprising amount of indignation, and the present petition.

The points advanced by Messrs. Lord, Coates, and Campbell on behalf of the petitioners may be dealt with as follows:—

Expenditure of Public Moneys.

The moneys spent were either borough moneys or General Government moneys secured on endowments, &c., or unsecured. If local moneys, the Reserve *must* pay its share. The rates must ultimately fall on the owner. This is one of the most elementary principles of political economy. Where the rents of the leases are fixed by competition or arbitration at reasonably short intervals, this general rule is the more constantly in operation. No one outside of a lunatic asylum in tendering for a lease by the terms of which he has to pay rates would overlook them. His rent would be reduced according to the amount of rates. If a fair rent for a section would be £10 per annum without rates, and the rates on it amounted to £2 per annum, his rent would be £8, and the owner would lose the £2—in short, pay the rates by a reduced rent. But, in addition to having to find these rates, of late years the owners have made special payments. In 1870 the Government sanctioned an expenditure out of the Greymouth Native Reserve funds at the rate of 10 per cent. on the *net* rental collected on the Native Reserve in aid of rates, such contribution to be expended in the improvement of the streets within the Reserve.

In accordance with this arrangement an annual subsidy was paid the Borough Council for five years, the amount paid by the Trust in that manner being £1,746 19s. 2d.

Independent of this sum, additional moneys have been contributed at different times for the protection and improvement of the property. In 1876, £541 7s. 9d. was expended in protective works, and £150 in forming streets. The total moneys so expended in ten years to the 1st July, 1875, represented an annual contribution at the rate of 20 per cent. on the income collected.

Now, if public moneys have been spent to the benefit of the Reserve, every taxpayer in the Dominion contributed as well as the lessees, and all have equal rights to complain. Looking at the enormous value of the estate secured by the Crown for £300 (less than what some of the petitioners have made out of a small section by subletting or assigning, through their low rent and advantageous terms of their leases) such moneys should not be grudged; and they are not. The pakehas get the moneys spent to benefit themselves, not the Maoris.

Improvements.

Mr. Lord’s figures completely answer the absurd statement that the tenure does not encourage the making of improvements. They show what has been done in that respect.

As the tenants own absolutely all the improvements of every kind, and have perpetual leases, *nothing further could possibly be done to encourage them to improve.* This is shown by all the fine buildings on the leasehold compared with those on the freehold portion of the river-bank, to the west of Boundary Street. The difference is very striking and significant to an unprejudiced eye.