and to the promotion of settlement.' The 7th section of the Act of 1884, though it in terms refers only to the West Coast Settlement Reserves Trustee in carrying out the routine business, mentioned in the unrepealed part of section 8 of the West Coast Settlement Reserves Act, 1881, seems to indicate a general intention that the Natives interested are themselves to be consulted, and their wishes, if possible, given effect to." (Page 297): "The Trustee, however, clearly has the right to say that he will not enter into any negotiations for surrender at all unless he is satisfied that there is a reasonable prospect that the acceptance of a surrender will benefit his *cestui que trusts*." (Page 298): "The consequence of holding that the meaning which is *prima facie* to be applied to that word [' may '] did not apply would be to decide that the Legislature intended to compel a trustee to sacrifice the interests of his *cestui que trusts* at the instance of a party with whom he had contracted on their behalf, and to confiscate, for the benefit of a lessee, that to which the lessor by the terms of the contract of the lease was entitled. In order to deprive persons of rights to which they have become entitled by contract, the clearest indication of intention on the part of the Legislature is necessary. . . . By the implied terms of the original lease, the improvements, in the absence of an agreement to the contrary, would at the expiration of the term become the property of the lessor. This, of course, was known to the lessees when they made their bargain for the lease, and the rent and other terms of the lease would be adjusted upon this basis. There is no suggestion that the parties in making the original bargain were not on equal terms." (Page 299): "I think that it would be the duty of the Trustee, before agreeing to accept a surrender and grant a new lease upon terms to be decided by arbitration under section 7, to consider whether there was a reasonable probability that the result of arbitration would be beneficial to the *cestui que trusts*; and if he thought there was no such probability, that he should decline to enter into any such agreement, and that he is not compelled to enter into it, but was bound to exercise his discretion before doing so."

In our opinion, the principles laid down by Mr. Justice Williams in the case cited, from which we have quoted extracts, seem to lay down that unless the Legislature has distinctly given authority to the contrary, both parties to the contract contained in the lease should be held to their bargain. It would be of advantage to the lessees to surrender their present leases and secure conversions; but, at the same time, this would deprive the Native owners—the *cestui que trusts*—from the right of competing at the end of the term of the leases. To allow this, in our opinion, appears to be contrary both to law and equity. Both parties should be held to the bargain. Three opportunities have been given to the lessees to convert. Many have done so; but several, for reasons best known to themselves, have not done so, and now seek to obtain a further opportunity. To grant such an opportunity appears to us unfair to the Native owners—the *cestui que trusts*—who, we consider, ought to have a chance at the termination of the leases of competing for a renewal.

The evidence discloses, and it is an admitted fact, that since the deaths of Tohu and Te Whiti their teachings have been steadily losing hold on the Natives, a considerable number of whom are now turning their attention to dairy-farming. As the Act seems very clear that the wishes of the Natives interested in the reserves must be consulted, it is only just that, although they may not take advantage of the right to compete, they should not be deprived of that right by changing the tenure in favour of the lessees. We cannot find in the legislation dealing with these reserves any indication of the intention to deprive the Native owners—the *cestui que trusts*—of the benefit of the improvements effected on the leased reserves in excess of the £5 per acre. The only chance they have of getting into occupation of the leaseholds is by being allowed to compete when the leases fall in, and, if successful, by paying the outgoing lessees for the improvements up to the limit of £5 per acre.

Findings.

After careful inquiry into the several matters and things referred to us by Your Excellency's Commission, we submit the following as the result of a careful consideration of the evidence given before us:—

1. Taking the first inquiry into the terms and conditions on which the lessees, or any of them, should be permitted to surrender their present leases and obtain new