leases in lieu thereof under section 8 of the West Coast Settlement Reserves Act, 1892, we are of opinion that none of the lessees should be allowed to surrender their leases. Three opportunities have been granted them of surrendering their leases, and they have not availed themselves of such opportunities. True it is that some did not acquire the leases until some of these opportunities had expired. In a few but important cases on recent transfers all the opportunities had expired; but the transferees—that is, the present holders—knew well, or ought to have known, the conditions under which they took their transfers. The conditions have changed since the Act of 1892 was passed, and since—in 1898—the last opportunity was given to the lessees of converting. These opportunities were certainly in the nature of a concession to the lessees, of which many did not avail themselves. The time of converting went by in 1900, and we think it is now too late to again offer them a privilege or concession to which, under their leases, they had no claim as of right. To give them, by legislation, another opportunity of converting under the greatly altered conditions of the district and the circumstances of the Natives would now, in our opinion, apart from its disregarding the provision of the statute safeguarding the interests of the Native, be an interference with the inviolability of contract, a principle upon which the stability of contractual rights essentially depends. Mr. T. W. Fisher, who was Reserves Agent at New Plymouth, testified that notice was sent by registered letter in December, 1898, to all the lessees who had not converted, intimating that a further opportunity of converting had been given them. He also caused notices to be inserted in the local newspapers, and posters to be exhibited in conspicuous places at each post-office between Hawera and Opunake. Mr. Fisher also gave evidence that in 1898 the right of conversion was revived for the third time, owing to agitation on the part of the lessees. After the second opportunity had expired in 1896 the Deputy Public Trustee, Mr. Duncan, went through the district and saw the majority of the lessees between Pukekino and Waitotara. He also addressed a meeting of the lessees at Hawera, when the question was brought forward again. How, then, can it be said that the lessees did not know of their right to convert?

2. Proceeding to the second inquiry, as to whether any of the said lessees have been misled by any act of the Public Trustee or any other officer of the Public Trust Department into believing that there was no limit to the amount of the compensation to which they were entitled under their leases, and in consequence of such belief made on their leaseholds or purchased from other lessees improvements in excess of £5 per acre, we emphatically state that not a single witness on behalf of the lessees has been able to convince us that he was so misled. Considering, further, whether any one of the said lessees was misled by the form of the lease issued, or the regulations made under the West Coast Settlement Reserves Act, 1881, or its amendments, into the same belief, our answer is that the memorandum of lease put the lessees on their inquiry when it stated "All such buildings and fixtures . . . as shall be deemed to be substantial improvements *under the regulations*." Surely this was a direct reference to the regulations. No. 32 of the regulations says, "The conditions set forth in the Act and these regulations as regards leases shall operate and shall be deemed to bind the lessor and the lessee as fully and effectually as if they were set forth in every lease." Now, had there been anything to the disadvantage of the lessor, would he have been able to claim exemption on a similar ground as the lessee claims now? We think not. The lessee's evident and justifiable answer would have been, "No, stick to the terms of the lease." Further, section 30 of the regulations says, "Improvements to be suitable to and consistent with the extent and character of the buildings, and none shall be allowed for in any valuation in excess of £5 for every acre of rural land, or £10 for every acre of suburban land." In reference to this answer, we desire to call attention to the remarks of Mr. Justice Williams in the case of Te Moauaroa *v.* The Public Trustee (10 N.Z.L.R., p. 281), where the learned Judge says, at page 298, "There is no suggestion that the parties in making the original bargain were not on equal terms." Again, it was proved in evidence that on the plans originally issued the compensation for improvements was limited to £5. We are satisfied from what has come before us that all the lessees, with one or two exceptions, have effected very few improvements in excess of £5 per acre, and of these exceptions it was shown in evidence