Mr. Welsh: Yes, I will come to that. The clause of the regulations dealing with improvements states that improvements means houses and buildings, and includes fencing, planting, draining, and reclamation of land, the benefit of which is unexhausted at the time of valuation; and next I invite attention to clause 28, which deals with occupation and improvements, and to direct attention to the words "substantial improvements," "and should place on such land substantial improvements of a permanent character to the value of £1 for every acre." I venture to think that there can be no doubt that the substantial improvements referred to in clause 28 are the same substantial improvements defined by clause 1 which we have just considered. In fact, that is conceded.

Mr. Bell: Yes.

Mr. Welsh: Now, I pass on to clause 30, and this clause will probably require some consideration. It states, "Improvements to be suitable to, and consistent with the extent and character of, the holdings; and none shall be allowed for in any valuation in excess of five pounds for every acre of rural land, or ten pounds for every acre of suburban land." Now, I pause there. I would ask you, sirs, to note the word "improvements," and compare that with the two preceding clauses that I have referred to. It is a different expression altogether, the other expression is "substantial improvements." The phrase in the lease is "substantial improvements," it is the same in the interpretation clause; and again in section 28 the phrase is "substantial improvements"; but when you come down to clause 30 it says, "Improvements to be suitable to and consistent with the extent and character of the holdings; and none shall be allowed for in any valuation in excess of five pounds for every acre." You will remember that the lease says that we are to be paid for all buildings and fixtures and fences, which shall be deemed to be substantial improvements under the regulations.

The Chairman: As defined by the interpretation clause.

Mr. Welsh: So I think. Now I come to clause 30, which, if it refers to substantial improvements, limits our improvements to £5 per acre. But does that clause refer to our substantial improvements at all? I take leave to doubt it. As a matter of law, are the "improvements" in clause 33 the same "substantial improvements" as are referred to in our lease? It is conceded that the effect of clause 32 of the regulations is to embody the regulations in the lease. It is so by statute and by the regulations. Clause 32 of the regulations states, "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." There you have a conundrum to begin with. Under our lease we are entitled to be paid for substantial improvements in full, and under clause 28 a limit is put on the improvements we are to be paid for. The limit is to be on the improvements that are to be valued and allowed for in the valuation under clause 30. I am sure the peculiar phraseology of the lease will not have escaped your attention. One would have expected in a lease even in 1881 that where it is giving rights to parties, and setting forth respective covenants of so onerous a nature as is included in this lease, that the respective rights would have been set out in plain English so that the lessee may have been able to understand what he was getting. One would have expected that it would have set out what amount he would have received for his improvements. I venture to say that the lease does not attempt to do so, that it was to be for specific improvements, and that at the time the lease was prepared it had not been observed by the draftsman that any such clause was hidden away in the regulations, and I doubt whether the lessees ever saw that. I do not suppose any evidence will be brought forward on that point, but the trap is well open.

The Chairman: You do not mean it was a laid trap?

Mr. Welsh: Not at all, sir. I have simply noted it. I think the draftsman did it in all innocence, but the lessee believed he was getting what it set out he was getting, if not more. The next phase in the history of these transactions that concerns us is consideration of the actions of the lessees and their doings after they got their leases, especially remembering the covenant we have just dealt with giving him his right to his improvements at the end of his term. If you take those words literally in the lease, it was quite obvious he was not to be paid for bushfelling and grassing, because the lease says he is only to be paid for such buildings, fixtures, and fencing as are substantial improvements. Those are the words of the lease, not that he is to be paid for all substantial improvements, but only to be paid for all such buildings, fixtures, and fences as are substantial improvements as defined by the regulations; so that it is perfectly obvious to begin with that he was not getting——

Mr. Kerr: You think that the regulations contemplated that he was only to get open land and not bush land?

Mr. Welsh: No, sir, and for this reason: that it says he is to bring so much of the land into cultivation.

Mr. Kerr: Does it make reference to bushfelling?

Mr. Welsh: I think not. Even if it was open land he would have to grass it, and there is no provision made in the lease for grassing.

Mr. Kerr: But the interpretation clause is incorporated in the lease.

Mr. Welsh: Yes, but he is only to be paid for such buildings, fixtures, and fences as are substantial improvements.

The Chairman: You mean it cuts this out, inasmuch as it only means such substantial improvements as houses, buildings, and fences?

Mr. Welsh: That is what the lease says.

The Chairman: The other improvements are omitted?

Mr. Welsh: Yes.

Mr. Kerr: But section 30, which you referred to, incorporates the interpretation clause, surely.