

*Mr. Kerr:* That they lent money in advance of this £5?

*Mr. Welsh:* Yes.

*Mr. Kerr:* Far in excess of it?

*Mr. Welsh:* No, not far in excess of it. I say that the attitude of the lending departments towards the lessees under this statute should have been, "the value of your improvements is £5, and we will lend you up to two-thirds of that." You will find that they have not lent on the goodwill. I will show that there is no instance in which the valuer has allowed anything on the goodwill, but purely on the valuation for improvements. When we were before the Lands Committee of the House, that Committee called on the Government lending departments for a return that was not disclosed to us. It was a confidential document, and the Government Advances to Settlers Department sent in a memo. to the Lands Committee, and I would ask the Commission to call on the Advances to Settlers Department to produce the same document that they submitted to the Lands Committee. Now I pass on. Under the Act of 1892 these lessees had a right to convert their leases by surrender of their leases that they held under the Act of 1881, and so convert them into leases under the Act of 1892. I will just quote the sections that bear upon the point. Section 7 of the West Coast Settlement Reserves Act, 1892, validated the leases theretofore made by the Public Trustee—the leases with which we are now dealing. Then the following section provided that the lessee under the lease validated by section 7 may obtain a new lease, in which case the provisions of section 8 were to apply. That also is the section which touches us. In subclause (2) the procedure is set forth. Then a meeting takes place between the lessees and the Natives to fix a rent, and if they cannot agree the Public Trustee can fix it at 5 per cent. upon the value of the land exclusive of improvements, and then section 3 (i) goes on to provide that lessee's improvements shall be valued, and (i) that the lessees shall only pay such sum in regard to the valuation of improvements in excess of £5 per acre. The general effect of that provision is this: that he could surrender his old lease and take a lease from the Public Trustee at 5 per cent. on the unimproved value, and he would have to pay the Public Trustee 5 per cent. on the improvements in excess of £5 per acre. A good deal has been heard about the rights of conversion, and I should like to refer to the legislation on the subject. That right extended, to begin with, for twelve months from 1st November, 1892, as will be seen by clause (k) of subsection (3). Then the next statute we have dealing with the matter, so far as I can discover, is the Native Reserves Act Amendment Act, 1895, section 10. The effect of that is not to give him an extension over four years. The right, first of all, was from November, 1892, to November, 1893. Then the right in 1895 was from October, 1895; that was when the Act came into force.

*The Chairman:* Instead of reading from November, 1892, you read to November, 1896.

*Mr. Welsh:* No, sir. From November, 1892, to 1893 he has twelve months. That stops in November, 1893, and it is not revived till 31st October, 1895.

*The Chairman:* That is not so.

*Mr. Welsh:* Surely it is, sir.

*Mr. Kerr:* It says, "substitute the words."

*Mr. Welsh:* But until the Act was passed it was not substituted.

*The Chairman:* But if the 1892 Act is not repealed?

*Mr. Welsh:* The Act of 1892 only gave him the right for twelve months.

*The Chairman:* Take 1892, and substitute the words "four years."

*Mr. Welsh:* You cannot do that, because my point is this: that from 1893 to November, 1895, there was no right in existence.

*The Chairman:* The right was gone. So as to give him the right they went back to that which he had as a right, and they tacked something else on to him.

*Mr. Welsh:* His right began in 1892.

*The Chairman:* Do you mean the substitution of four years for twelve months—the four years can only begin from 1895?

*Mr. Welsh:* I say it begins in November, 1892.

*The Chairman:* And it ends in November, 1896.

*Mr. Welsh:* That is exactly what I am saying. What I am endeavouring to point out is that from November, 1893, to October, 1895, the right did not exist, because the Act of 1895 did not come into operation.

*The Chairman:* You are going to say that they have made a jump of four years because you are going to leave out from 1893 to 1895.

*Mr. Welsh:* I am going to ask you to hold, sir, that that is what the statute says.

*Mr. Kerr:* I see that a certain period elapsed before the Act of 1895 was passed. There was a certain period of four years during which they could not convert.

*Mr. Welsh:* That is my point. What I wish to point out is that his original right was from November, 1892, to 1893. His next right was from October, 1895, to November, 1896. That is the effect of it—for two years the second right did not exist. The third right was conferred by the Act of 1898, No. 39, section 20. That Act came into operation on the 5th November, 1898.

*Mr. Kerr:* That extended the privilege for two years from the passing of the Act?

*Mr. Welsh:* Yes. That would be from the 5th November, 1898, to 5th November, 1900. He had one year from November, 1892, to 1893, then he had one year from the 31st October, 1895, to November, 1896, and then two years from 5th November, 1898, to 5th November, 1900. During that period his rights ran over four years. The rights were not continuous at all. No doubt there was some good reason for that; but all we are concerned with now is to inquire into what was the mind of the lessees at the time. Well, that legislation was not conducive to assist the lessee to discover what the rights were. The Act would come into operation about November, 1892, when the lessee became aware of it; and his rights would be closed up by November, 1893. Then