

they have been perpetually ignorant of what has been taking place from time to time, I think I am right in saying that every single lessee under the Act of 1881 made his statutory declaration and got his reduction of rent. Moreover, that reduction, as your Worships have already heard, was the result of an agitation, and during that agitation surely the lessees must have discussed one with the other the various terms of their leases. Now we come to the Act of 1892. If the lessee converted under the Act of 1892 he got two concessions—namely, a perpetual right of renewal and compensation for all improvements of any character up to £5 an acre.

*Mr. Welsh:* No; no limit.

*Mr. Bell:* I repeat that the lessee got compensation for all improvements up to £5 an acre when he converted—that is to say, by the act of conversion. The amount of his improvements which were to be taken into consideration at the date of his conversion were all improvements up to £5 an acre—that is to say, the question which was subsequently decided in Tinkler's case was done away with so far as the lessees who wanted to convert were concerned. Now, in return for those two concessions the lessee paid sometimes a slightly increased rent, and sometimes a slightly reduced rent. That was what the tenant paid. The Native, on the other hand, was deprived of his right of bidding for his own land, and he had the improvements which belonged to him—that is to say, the improvements other than buildings, fixtures, and fences—actually given away, and in return he received sometimes a slightly increased income and sometimes a slightly reduced income. Surely that was a breach of our trust to the Native, and the Native was never heard.

*Mr. Kerr:* Which, of course, is contrary to the provision made in the Act of 1881.

*Mr. Bell:* Contrary to the bargain which we made when we settled their troubles with them; and do not forget this: that the lessee was allowed to ascertain whether it would pay him to convert, and having so ascertained he was allowed to say whether he would convert or not. That is our action as a trustee for the Natives; that is the way we have fulfilled our obligations which in 1880 we admitted that we had. I have just said that the tenant had a right to find out first whether it would pay, and then to say whether he would convert; but in case he had made a mistake in his calculations the Act of 1895 gave him another chance—from the 31st October, 1895, to the 30th September, 1896—and in case even then he had made a mistake the Act of 1898 made the right again available from the 5th November, 1898, to the 4th November, 1900, and by this last Act the rent was not to be 5 per cent. on the value at the time he converted, but 5 per cent. on a value some years back.

*The Chairman:* 1896.

*Mr. Bell:* Yes, 1896, with rent in arrear—that is to say, the last of those three Acts not only perpetuated a breach of trust, but in perpetuating it it gave the tenant a right to exercise an option four years after that option expired. Now, section 8 of the Act of 1892 should never have been passed. The whole Act of 1892, as a matter of fact, should never have been passed; but we are only dealing now with section 8. It was probably due to the pressure of the league which had at that time been formed by the leaseholders, and I think that it must obviously also have been due to the fact that Parliament did not thoroughly understand the position. The breach of trust which was committed in 1892 was perpetuated and exaggerated in 1895 and 1898. Now, your Worships, that is the history of our dealings with the Native, that is how we have carried out the bargain that we made. Now, certain lessees, for reasons which we will inquire into later, did not take any one of those three opportunities to convert, and now they ask that they may be allowed to convert, paying rent assessed as on a basis of 1900 and paying also back rent.

*The Chairman:* Would that be assessed on the basis of 1900 or assessed on a basis such as they would have been permitted to take up in 1900—namely, 1896?

*Mr. Bell:* No, they say the 1900 valuation. Now, if they asked to be allowed to convert, paying a rent as on a basis of 1912, then they would be asking to have the same opportunity as the people who did convert in 1892 had—that is to say, just as the people in 1892 had to do, they would have to say to themselves, "Here is the present value of the land; I have got to judge for myself whether it is going to rise in value and become more profitable, and if I like I can pay 5 per cent. on the present value." They do not ask that. That would be a more reasonable request; but even if they had made the request that they should come in on a 1912 basis, the obvious answer would be this: firstly, it would be a breach of trust now just as it was a breach of trust in 1892; secondly, the fact that a breach of trust was committed in 1892 is no argument in favour of that breach of trust being repeated in 1912, and there is this in addition, that the breach of trust would be greater now, because while in 1892 the Natives were not really seeking for an opportunity to take up these lands, they are now, as I shall subsequently show, anxiously awaiting the opportunity to bid for their own lands. But the lessees, in fact, as I have just pointed out, ask for better terms than were offered to those who converted in 1893; they ask to be allowed to exercise an option twelve years after that option expired. They ask, therefore, not only for a new breach of trust, but also for a greater one than has ever been committed even in the history of West Coast leases. Now, what are the reasons given by these lessees for claiming to convert? As I understand them, they may be classified into five different classes. There are five different reasons given by different lessees: firstly, they say that they were misled by their leases, and that they did not understand their position or they would have converted; secondly, some of them say that they did not know of the right of conversion; thirdly, some of them say that they could not then afford to convert; fourthly, some of them say "Why should we be worse off than the people who were wise enough to exercise the right of conversion in 1903?"; and, fifthly, they claim that the State should give them now the opportunity to convert on the ground that it is high public policy that this should be done, that the Native cannot farm satisfactorily, and that unless the land is secured to the present lessees the ruin of Taranaki is at