

was the meaning of that part of the lease. The map upon which the land was offered for lease contained a clear and definite statement that improvements up to £5, and £5 only, would be compensated for. Posters, I think I am right in saying, were put up in which the same statement was made. Inquiry at the Public Trust Office could have elicited no other answer but that the improvements were limited to £5 an acre. What lawyer, or what reasonable layman, for the matter of that, could possibly have failed to know that there was that limitation of £5 if he had taken the trouble to study his position as a business-man should, and not necessarily as a business-man but as a reasonable man should. But we are told that lawyers were, in fact, deceived. Now, what is the evidence of that? Casual conversations in the street. Mr. Andrews, I think it was, told us that he met Mr. Samuel, a solicitor, and had a casual conversation in the street, and Mr. Andrews is careful to add that it was not in the course of business.

*The Chairman:* And what would the opinion be worth?

*Mr. Bell:* Then, I think I am right in saying that the only other evidence of a solicitor's opinion having been taken on the matter at all is the extraordinary opinion which Mr. Poole seems to have obtained. Mr. Poole went to a solicitor, told him that he wanted him to send to Wellington for the lease and give an opinion on it; but Mr. Poole tells us that he omitted to tell the solicitor what he wanted the opinion about, and the opinion was beautifully short and concise—I think it consisted of four words, "It is a 'snip.'" That is the evidence that is brought before your Worships to show that the lessees were deceived by these leases. There is one further point of evidence, that a loan of £400 was made by Mr. Samuel to Mr. Andrews, which brought Mr. Andrews's total indebtedness up to £700. He already owed £300 to, I think, the Government Advances to Settlers Department. Now, the fact that Mr. Samuel made that loan cannot be taken as an indication of what Mr. Samuel thought was going to be the compensation for improvements, because according to Mr. Andrews's evidence before the Lands Committee the loan from Mr. Samuel brought his indebtedness up to more than the then total value of his improvements; so that Mr. Samuel must obviously have been looking not to the security of the improvements, but to the personal security of Mr. Andrews; and Mr. Andrews is good enough to say that Mr. Samuel was quite justified in relying upon that personal security. Now, we are told that all the lending Departments were deceived. Let us look into that. I will take one example of that—Mr. Hastie's case. Now, Mr. Hastie obtained from the Government Advances to Settlers Department £2,000, and Mr. Hastie held, I think, 500 acres, so that he actually got an advance of £4 an acre. Now, my friend contended that that was clear proof that the Advances to Settlers Department had been misled, because he says the Advances to Settlers Department ought only to advance three-fifths of £5 an acre; but he forgets that the provision for a margin which you must allow over a loan is in order to allow for a fall in values. That is the reason for the margin above a loan. Now, suppose the improvements on a man's place were £8 6s. 8d. per acre, it would be quite safe to lend £5, which is three-fifths of £8 6s. 8d., because if there is a fall in value the tenant nevertheless gets the whole of £5. Even if the improvements go down in value it does not stop the man getting his £5; so that a lending Department is perfectly justified in lending three-fifths of the value of the improvements provided the maximum loan does not exceed £5.

*Mr. Welsh:* You say the lending Department can lend up to the full £5, and the Public Trustee said exactly the reverse at the time.

*Mr. Bell:* That is a matter of argument.

*Mr. Welsh:* Are you contending that the Department can lend up to £5.

*Mr. Bell:* I contend that the lending Department can lend up to three-fifths, provided the three-fifths does not exceed £5. If there was a duty on the Public Trustee to give the lessees reasonable facilities of knowing that they were limited to £5 an acre, then I submit, your Worships, that the Public Trustee fully discharged that duty. He put up these notices, the regulations show the £5, and the maps contained a statement as to the £5 basis. If after that the lessees bought a pig in a poke, are they to be compensated at the expense of the Natives? But let us see whether, in fact, they were deceived. I submit that the great majority, if not all of the lessees, knew of the £5 limitation. Now, let us analyse the evidence. There are, I think I am right in saying, twenty witnesses who gave evidence with reference to this £5 limitation. Now, out of those twenty witnesses the following twelve knew of the £5 limitation, and admitted that they knew: J. Best, H. P. Best, A. Newell, R. Palmer, P. P. Hughson, E. J. Dudley, J. Anderson, J. J. Elwin, W. L. Luscombe, J. W. Foreman, T. McKenzie, and G. Petch; and of those witnesses some at least say that the £5 limitation was very generally known. Eight of the twenty witnesses on this subject say that they did not know of the £5 limitation. They are: C. Andrews, W. Kelly, E. Hastie, T. Clarke, J. Mackay, F. Matthews, D. Poole, and G. Mehrtens. Now, at the risk of straining your Worships' patience, I propose to deal with each of those witnesses seriatim. First, as to Clarke: He purchased in 1899 125 acres. The then value of his improvements was £300, and the price he paid was £550, so that he paid £200 for the goodwill. He says that the present value of his improvements is £700. Therefore, your Worships will see, firstly, that he was not misled into paying anything like as much as £5 an acre for his improvements when he bought; and even now, suppose nothing is done for him, and suppose we take his own value for his improvements—namely, £700 on 125 acres—and, mind you, there will be some depreciation of those improvements before the end of the term—suppose we assume that those improvements will not depreciate and his own valuation is right, he will only be a loser so far as his improvements are concerned of £75 at the end of his term. Now, as to Kelly: He has 114 acres. He is an original lessee, and he has subleased for the past eleven or twelve years. His lease expires in 1916, so he has some years yet to run; and taking what we have heard in the course of evidence about the profits made when you sublease these leases, he is probably making and will make a pretty good thing out of it. He says that he never heard of the right of conversion even in 1892: he is one of the very rare witnesses who