

the manner prescribed by the statute in force at the time. The compensation for improvements, attached as a premium to the lease, shall be payable by the purchaser to the person whom the Native Commissioner shall report to be entitled to the same. Should no purchaser be forthcoming at the auction, the improvements shall be revalued and be again submitted to competition with such value attached, and so on. That the Commissioner shall report to the Public Trustee, at the earliest possible moment, the result of his valuations, decision, and any settlement arrived at: such valuation, decision, or settlement to be deemed a final settlement of all disputes or claims against the Trust and all holding under them.

We would, for the information of the Commissioner, if appointed, direct attention to the special conditions contained in the leases granted of Blocks I. and II. to Messrs. Comisky and Bradshaw respectively, it being therein explicitly stated that no renewal would be granted, and that all improvements should vest in the Trust. The sub-lessees on these two blocks have spent very large sums of money in improvements, and are, we think, deserving of every consideration. We would recommend that leases for their respective holdings be granted to them at the expiration of the original tenants' lease, without payment of compensation to the original lessees. (See Mr. Girdwood's evidence, page 47; and also Mr. Mackay's).

A case of hardship has been brought under our notice—namely: One George McWilliams held, with the consent of the Commissioner indorsed thereon, an assignment of a portion of a lease originally granted to Mr. Rae. The original lease, after passing through two or three hands, was exchanged by the last holder for a new lease, under the Trust, of the whole of the block, including that portion assigned to McWilliams, whose interests appeared to have been overlooked or ignored. McWilliams' improvements, to the value of some £250, were, in consequence, lost to him. McWilliams has apparently a claim at law against his assignor, but his immediate grievance appears to be that, through the omission of the Commissioner or his agent to record in the books of the Trust the consent indorsed by them on the assignment, he is placed in his present position. We think that this case is one, with others of a similar character, for the special consideration of the Native Reserves Commissioner, when appointed.

Messrs. Hungerford and McKay stated in evidence to the Commissioners, that they hold the assignment of a lease from Ihaia Tainui to one Barrowman, with a further verbal permission from Tainui to quarry on the same ground; they ask for a lease from the Trust, in exchange for such title as they hold. The Commissioners find that the ground in question is required for harbour reclamation purposes; that Messrs. Hungerford and McKay purchased the above rights with a knowledge that they had no legal effect or validity. We cannot, therefore, recommend that their application be granted.

Your Commissioners have now reported in favour of—(1) The grant of pre-emption of renewal to all tenants; (2) That when leases are submitted to competition, it should be by public auction; (3) That valuation for improvements be conceded on all leases submitted to public competition; (4) That the upset price be a fair rental, to be fixed by valuation, and not "the best improved rent obtainable," as provided by subsection (b), section 15 of the Act of 1882.

We now venture to indicate the direction in which the above much-needed amendments to "The South Island Native Reserves Act, 1883," can be carried into effect.

Suggested Amendments to "The South Island Native Reserves Act, 1883."

Repeal section 5 and subsections (1) to (5), substituting the following in lieu thereof:—

Section 5.—The Public Trustee shall, as soon as may be before the expiration of the several leases now outstanding, cause the same to be divided into as many lots as there are holdings, and shall, subject to the following terms and conditions, offer a lease to the occupants of each holding, and, in default of such lease being accepted, the same shall be submitted to auction. The leases shall be for sixty-three years, at a rent without fine, premium, or foregift, except as hereinafter mentioned. The improvements on each lot made by the lessee or his tenant shall be valued in such manner as the Public Trustee shall direct. The upset price of each lot shall be fixed by the Public Trustee, at a fair annual rent, without reference to the improvements thereon made. The purchaser of the lease shall pay as a premium or foregift the value of the improvements, to be fixed as aforesaid.

Amendments affecting all Reserves at Nelson; Motueka, including Moutere; and Arahura, inclusive of Hokitika.

Section 10.—After the word "leased," in the second line, add "a renewal thereof shall be offered to the present holder, before being submitted to public auction;" and in subsection (2) strike out, in the last line, all the words after "tenant."

Freehold Tenure.

The tenants of the Greymouth Reserve expressed a general and strong desire to be permitted to acquire the freehold of their sections, advancing in support of the same the following reasons: (1.) That the Native owners would not be prejudiced by the sale, inasmuch as the purchase-money invested at five per cent. would, in the opinion of the lessees, produce a revenue larger than that at present accruing from rents. (2.) That more permanent and expensive buildings would be erected under a freehold tenure. (3.) That in all probability a serious reduction in the rents at present received will follow upon the completion of the Cobden Bridge, as many of the present lessees will remove to Cobden, where freehold sites can be obtained. (4.) Also that money can be raised at a lower rate of interest on freehold than leasehold security.

In opposition to the alienation of the fee-simple the following has been advanced—namely: That, by section 3 of "The South Island Native Reserves Act, 1883," the legal estate has been