

rent, however, in such cases would not be less than 5 per cent. on the improved value of the land, and the tenancy would be a precarious one, for it would be terminable in accordance with its conditions as soon as, in the interests of the Natives, it might be thought desirable to offer the land to public competition by tender." This was written before the proceedings were taken in the trespass case, and before any trouble arose. That report shows that I was taking the proper course, and giving notice of my intention before I leased these lands. If I had not taken that course, and had treated the trespassers as having a right of occupation, I would have had trespassers over the whole of the reserves, and would not have been able to lease any of it. Just after the session of 1893, or towards the end of it, the Government had under their consideration a proposal from Mr. McGuire that the improvements of these trespassers should be granted to them, and the Government were, I think, disposed to legislate for that purpose. I pointed out that the difficulty would be that the Government would have to pay the Natives for the value of any improvements given to the trespassers; that these improvements belonged to the Natives by the law, and that I must have the value of these improvements for the estate of the Natives before I could allow that value to the trespassers. I heard nothing more of the matter. The law would not have justified a compensation for improvements without the money, even on a promise that legislation would be proposed.

I will now give the important points in connection with McCullum's case. I have stated that the notice, of which I have furnished a copy, was published not only in the *Gazette*, but also in the papers circulating in the district. McCullum and other trespassers met me at Rahotu at the end of March, 1893, when I stated that, though the general notice to trespassers had been issued, I would ascertain how far I could meet the trespassers under the authority to grant a year to year tenancy given by section 12 of the Act. As the trespassers were discovered they were each given a separate notice, in addition to the notice published in the *Gazette*, to quit by a date mentioned in the notice, and McCullum was thus given notice on the 17th April, 1893, to quit by the 1st August following. McCullum afterwards met me in the Public Trust Office, and in the presence of several persons then in Wellington, including Mr. McGuire, refused to take a year to year tenancy at a rental computed on the value of the land with the improvements. He refused to entertain any proposal which involved the payment by him of a rent computed on the value of improvements. There was no offer of £30 a year ever made to me. The first I heard of that was in Elwin's evidence. Mr. F. M. Chapman, J.P., of Rahotu, was one of the trespassers who, in company with McCullum, met the Trustee at the end of March, 1893, and to Mr. Chapman the Public Trustee wrote on the 10th June, before McCullum came to Wellington, as follows:—

"I find that my authority to let reserves on a tenancy from year to year, terminable by three months' notice on either side, would enable me to let to you on such a tenancy land which it would be to the interest of the Native owners to be so let. But such a tenancy would give you no right to the permanent occupation of the land, and would be one which I could determine by three months' notice whenever I might think fit, or the interests of the Native owners might require me to do so, while the rent, which would, of course, have to be paid to me, could not be less than 5 per cent. on the value of the land with improvements. I shall be glad to know whether you desire this precarious tenancy; but, in any case, I ought to state clearly that I should not be justified in holding out to you any hope that you can secure a more permanent tenancy of any unleased land otherwise than as the highest bidder in public competition by tender."

This is given as showing what would be the tenor of the proposal which would be made to McCullum. McCullum's occupation is alleged by him to have been by virtue of some agreement with the Native owners, who, as the life tenants of the property, were and are entitled to the income, but have no authority to grant tenancies. But I now doubt his statements. McCullum placed upon the land improvements comprising buildings of considerable value—buildings insured for £100, and estimated to be worth at the least over £200. The Public Trustee estimated them to be worth at the least £300. I have here a letter which was sent to me the other day. It came quite accidentally, and is from W. Harvey, of Rahotu. Mr. Harvey says: "I beg to call your attention to the fact that a petition is being got up round this district against the management of the Native lands, that very much has been made of the fact that one McCullum was turned off a Native section; but nothing has been said of the other side. First, McCullum's business as a site was much better after he had left the Native land; second, McCullum stated in Court at New Plymouth that, at an auction sale held on his premises after removal, the best offer he had was £50 (as published in the papers here) for his business premises, whereas at the auction Mr. Simeon started the bidding at £50. I said, 'I will give you £100.' No one bid against me, and the property was passed in, the reserve being considerably over £200. Shortly after I bought the property at £200 cash, McCullum to have the use of the stable on the property in conjunction with me free of charge for three years. Thus showing the property is worth more than £200, and not £50, as stated." McCullum took steps to remove the buildings, and I received telegrams from the Natives, including the Native owner of the property, reporting that the removal was about to take place. McCullum removed the buildings, and proceedings were taken by me for recovery from McCullum of the capital amount which was thus lost to the land, and on which the trust had a right to income for the Native owners. A Taranaki newspaper report of the case states that Judge Connolly declared that the action should not have been brought, for that the case was one that might have been dealt with under section 12, subsection (5), of the Act. The proceedings for recovery succeeded, though the amount recovered was so small that the Court virtually sanctioned the act of McCullum, and deprived the Natives even of the £25—their property. Section 12 would not have justified the Public Trustee in granting a year to year tenancy to a trespasser at a rental computed otherwise than on the value of the land with the improvements. The condition "reasonable rent" means a rental on the improved value, and I could not recognise a trespasser as having any right to have, in a yearly tenancy, exemption from rental on account of improvements made by him upon the land of which he was the unlawful occupier. I would have been chargeable with a breach of trust for granting the tenancy at a rental which allowed the tres-