10. So far as concerns the leases granted by the Public Trustee prior to the enactment of the West Coast Settlement Reserves Act, 1892, which we shall hereinafter, for brevity and convenience, refer to as the "Public Trustee leases," they, too, were in certain respects either invalid or, at least, of doubtful validity.

11. It was recognized by both the Government and the Legislature of the day—and, indeed, it was obvious—that this state of things could not be allowed to continue. It would have been unfair to the lessee who had taken his "Public Trustee lease" in good faith and had effected substantial improvements at considerable cost, and, on the other hand, it would have been unsatisfactory in the long run to the beneficial owners. In the first place, up to that time—(*i.e.*, 1892)—only relatively small portions of the total area of the reserves had been leased. It was essential that settlement should be promoted, and this could only be done at that time either by selling the land outright to European purchasers, or by devising a leasing scheme which would secure a fair and adequate rental to the beneficial owners and at the same time give reasonably satisfactory conditions to the lessee. Moreover, as to both the confirmed leases and the Public Trustee leases, if the lessee had no right of renewal and no right to compensation for improvements, his only incentive would have been to work the land to his own personal advantage and profit (though in the then circumstances there may have been both working and capital loss rather than profit), and this might well have resulted in the land going back to the Maoris in an impoverished condition and with the improvements neglected and deteriorated, to the great disadvantage of the beneficial owners and of the country generally.

12. In 1892, after careful inquiries (including exhaustive investigations by Parliamentary Committees) had been made into the various questions affecting these reserves, sale of the lands being contrary to the policy of Government and Legislature, a new leasing scheme of a comprehensive nature was devised by the Government of the day and was passed into law as the West Coast Settlement Reserves Act, 1892. Both lessees and Maoris had had the matter previously referred to them, and it is correct, we think, to say that the proposals had their general approval. The Bill containing the scheme was debated at considerable length in both branches of the Legislature, and speakers on both sides of political thought, who were very critical of the previous legislation and of the happenings in connection with the leases that had been granted, united in acclaiming the new scheme as being not only able and ingenious (as it certainly was), but as an earnest and honest attempt (as it also undoubtedly was) to settle finally a difficult and vexed problem: and it was hoped and expected that at last a plan had been devised which was fair and reasonable to all parties and would be a permanent and just settlement of all mutual grievances. And so it should and would have been but for subsequent developments, mainly economic, in the general conditions of the country, which were not forseen and which the legislators of those days can hardly be blamed for not having anticipated.

13. Under the scheme of the Act of 1892 the Public Trustee leases were validated by section 7, and the lessees were given by section 8 the right to surrender their leases and take new leases with the right of perpetual renewal: and the holders of confirmed leases were given the same right. The Public Trustee was also empowered by section 6 to grant leases with the right of perpetual renewal in respect of the large areas which had never been leased at all and which were still virgin country.

14. But, as a condition of the holder of a confirmed lease surrendering that lease and obtaining a lease which would be perpetually renewable, he was required to pay in cash to the Public Trustee the value of all improvements which would otherwise have passed to the lessor on the expiration of the term of the lease. Similarly, the holder of a Public Trustee lease who wished to surrender and convert was required to pay to the Public Trustee the difference between the £5 per acre, the compensation to which he would have been entitled under his validated lease, and the full value of the improve-