

granted, be put up to public competition by public tender for such term of twenty-one years on the terms and conditions set out in the clause. Those terms and conditions provide that the upset rent shall be such rent as shall be fixed by the Public Trustee, not being a greater sum than that at which the lease was offered to the outgoing lessee: the amount of such upset rent shall be stated in the advertisements calling for tenders: if any person other than the outgoing lessee be declared the purchaser, he shall, within seven days after the day fixed for opening the tenders, pay over to the Public Trustee the amount of the value of the substantial improvements of a permanent character as fixed by the second arbitration: when the day arrives on which the terminating lease expires, the Public Trustee shall pay over to the outgoing lessee the amount received by him from the incoming lessee for improvements. If the lease is not sold to some person other than the lessee or if such person fails to execute the lease or to pay the sum offered by him, the lessee has a further option under clause 58 to accept a fresh lease "as aforesaid," and in the event of his not so electing he may continue as lessee of the lands from year to year so long as he pays the rent reserved by his lease—that is, the lease for the original term—or until the Public Trustee should succeed in finding a purchaser of the new lease.

28. The words "improvements" and "substantial improvements" were defined by section 2 of the Act as having the same meaning as the term "substantial improvements of a permanent character" in the third section of the Land Act, 1885. It is unnecessary to say more than that definition is in very wide terms and included (*inter alia*) reclamation from swamps; clearing of bush, gorse, broom, sweetbriar, or scrub; cultivation, planting with trees or live hedges; the laying-out and cultivation of gardens; fencing; and the erection of buildings. This definition was altered and somewhat extended by later Acts, and is now contained in the Land Act, 1924. We do not think that the extensions need be regarded as material for the purposes of this report.

29. For the purpose of clarity we shall refer to the leases for the first period of twenty-one years granted under the 1892 Act as "first-term leases"; leases for the second term of twenty-one years we shall refer to as "first-renewal leases"; and leases for the third term we shall refer to as "second-renewal leases." There are now in existence 474 leases in all which are subject to the 1892 Act, and are held by 429 lessees. The number of Maori beneficial owners is 4,272. The total of the various areas comprised in the leases is 71,643 acres. The total area was originally much greater but has been gradually reduced by Crown purchases, taking of land under the Public Works Act, and perhaps in other ways. A number of leases were granted very soon after the passing of the Act of 1892, but it was not until 1919 that the last of the lands was leased, and, as the original term was twenty-one years, it follows that since 1940 there have no longer been any first-term leases in existence.

30. The first of the first-renewal leases were granted in 1913 and the last in 1940. Inasmuch as the original leases were granted on different dates up till 1919, it follows that in some cases the first-renewal lease is still in existence, and the last of these first-renewal leases will not expire until 1961. The number of first-renewal leases still in existence, however, is only 50.

31. Speaking generally, no complaint has been, or, we think, could reasonably be, made by the beneficial owners with regard to the rents for either the original term or the first-renewal term. The aggregate of the rents reserved by the leases for the original term of the total area of 71,643 acres still held by the Native Trustee was £12,360 5s. 6d. per annum. In 1913 and the following years, when the original terms expired and the rental for the first-renewal terms had to be fixed by arbitration under clause 56 of the Schedule to the 1892 Act, the aggregate gross value of the lands was, according to the various arbitrations, £998,558 11s. 11d., of which improvements represented £383,476 7s. 2d. and the residue was £615,082 4s. 9d. The rentals, which were supposed to be 5 per cent. of the residual value of the land, totalled £30,993 4s., and we were told