

*Mr. Welsh:* My friend now refers to the Public Trustee, but he did not do so before, and so long as the grantors and the Public Trustee agree amongst themselves there is nothing to prevent the leases being thrown up. That only bears out Dr. Pomare's statement—it would be the Native Land Court that would partition this land and say how it was to be held amongst his friends. Now, Dr. Pomare is not quite so strong in some of his views as some of the members, because the president, Kahu Pukoro, does not believe in this compensation at all; he thinks the white man has had quite enough already; he thinks that instead of the compensation being £5 it should be £4 or £3, or even less. He said he would consider that when he got his turn. Therefore, we have their views pretty clearly now, that they want the land back, as instanced by their Bill. I do not wonder, if what they say is true as to their treatment in respect of this Bill—I do not wonder that they expected to get it back. If this Bill was accepted by the powers of the day as being a Bill to be introduced into Parliament, then I do not wonder at their being dissatisfied at not having the freehold back long before this. If they cannot have the freehold back, then they want to get the leasehold as a means to an end. Then, my friend goes on to suggest the terms of finance which might be accepted by Parliament and which he hopes this Commission will accept as being reasonable. There is one point I overlooked. When the lessee comes in he has to pay £5 an acre for improvements, and then those improvements become the incoming tenant's. The other improvements do not become his: he has to pay rent on the full improved value of the land, as it were, less the improvements up to £5 he has already paid for.

*Mr. Bell:* But all the improvements are taken into consideration when there is a valuation.

*Mr. Welsh:* Pardon me. We will say a lease is terminating to-day; the incoming man has to pay the outgoing man £5 an acre in respect of improvements, but he does not buy the rest of those improvements.

*Mr. Kerr:* Supposing there are more improvements on the land?

*Mr. Welsh:* Exactly; his rent is based on that, and the improvements remain the lessor's. That is one of the troubles of these lessees, that the very improvements that Jones, for instance, has put upon his land, amounting to £10 an acre, he receives £5 an acre back for, but the new rent is based upon the very improvements he has done himself.

*Mr. Kerr:* The unimproved value plus the difference between the value of improvements and £5.

*Mr. Welsh:* Exactly. That being so, how can he finance that? How can he borrow money on improvements that are not his because he has not purchased them? All his improvements are the improvements to the extent of £5: the rest of the improvements belong to the lessor. He has to pay rent on them, and at the end of his term he has to be paid £5 an acre for the improvements on his land. This is the position. How is he going to borrow on those improvements—improvements that are not his? Surely common-sense will establish that if he is going to borrow £20 on improvements he has to pay £20 to get the improvements, and he cannot borrow £20 if he is only paying £5 to get them. Then, my friend is going to set up an authority—a Court of justice—that is to decide who is to hold these lands and how they are to be occupied. Before a Native can be financed or receive the benefits that his brothers will receive he is to be indorsed and accepted by the union. Well, I do not know under what terms the Commission is asked to make any such order at all. I will speak with regard to the reference to the Commission and on what you are called upon to report. You are asked to find four findings, viz.: “(1.) On what terms and conditions the said lessees or any of them should be permitted to surrender their present leases and obtain new leases in lieu thereof under section eight of the West Coast Settlement Reserves Act, 1892. (2.) Whether any of the said lessees have been misled by any act of the Public Trustee or any other officer of the Public Trust Department, or the form of the lease issued, or the regulations made under the West Coast Settlement Reserves Act, 1881, or its amendments, into believing that there was no limit to the amount of compensation to which they were entitled under their leases, and in consequence of such belief made on their leaseholds or purchased from other lessees improvements in excess of five pounds (£5) per acre. (3.) What areas of land now leased under the West Coast Settlement Reserves Act, 1881, and its amendments, may hereafter be required by the Native owners for their use and occupation; and, having regard to their particular interests therein and their individual fitness for profitably using such lands, which of the said leases, if any, should be allowed to remain under the present tenure in order that such Native owners may, on the expiration of such leases, compete for the possession of the lands held under them. (4.) What provisions should be made to enable such Native owners to get financial assistance from the Government to enable them to work their farms, should any of them become tenants of such leaseholds.” I should like to observe that the terms of the reference are: “On what terms and conditions the lessees or any of them should be permitted to convert.” Subsection 3 says, “Which of the said leases, if any, should be allowed to remain under the present tenure in order that the Native owners may compete for their possession”; and the order is, on what terms should the lessees be permitted to convert, and which of the leases should remain under the present tenure, if any; so that apparently the leases that are to remain under the present tenure are the exception. Apparently it is in contemplation that an order will be made to permit the bulk of those lessees to convert on some terms. Apparently there are two rules laid down on which the determination of the Commission is to be exercised respecting the leases which shall not be converted—(1) the areas which may be hereunder required by the Natives for their use and occupation, and (2) having regard to the particular interests of the Native owners in such areas and to their individual fitness for profitably using such lands. I submit it is abundantly clear from the order of reference itself that it is in contemplation that the lessees shall be permitted to surrender and to convert on some terms, those terms being entirely for the Commission. I am sure it is unnecessary to labour this point, but I would ask the Commissioners to note the phrase, “the particular