

The power conferred on the Public Trustee to grant licenses to Natives, and which has been exercised, as mentioned, to the extent of 24,800 acres, undoubtedly was to afford them an opportunity of devoting themselves to farming and agricultural pursuits. The area mentioned is distributed amongst 368 Natives, but the Public Trustee is not satisfied with the result. In many cases the licensees have not themselves cultivated, but have granted the use of the land to Europeans. The Public Trustee does not, however, appear to have intervened to put an end to the licenses in such cases. The Public Trustee is also of opinion that where the land has been used by the Natives directly they have not dealt with them to the best advantage. The contention for the Native is that he is not encouraged by, and that the best results cannot be looked for in, a tenure at will, and that he is now much more qualified, and indeed is eager, to use the land to better purpose if he gets a more secure tenure.

The questions—(a) Whether the Native generally should not before this have been dealt with on that footing and given a lease as in the case of Europeans, or (b) whether in the interests of settlement the land should not have been let to Europeans where it has not been properly dealt with by the Natives in the past, are questions which, if answered affirmatively, would justify the criticism that these lands have not been satisfactorily managed. These are not questions that we can answer, if, indeed, it was expected we should do so. They are questions which involve the whole policy of dealing with the Natives and their lands.

The same observation is applicable to the *papakainga* areas—that is, whether, and, if so, to what extent, these lands should have been allowed to remain *papakaingas* and practically waste. Subject to the observation as to inspection, and as to the areas under license and held as *papakaingas*, we have to report that the trusts of these reserves are carefully and satisfactorily performed.

A phase of the Native policy that is now pending requires reference. The thirty-year leaseholders who did not, after repeated opportunities to do so, exchange their holdings for perpetual leases now desire to obtain such leases, or, at any rate, to be allowed for their improvements in excess of the stipulated rate of £5 per acre. The Natives oppose, and wish themselves to be able to bid for the lands when put up. The Public Trustee does not favour the claim of the Natives to bid.

A Commission, consisting of Dr. McArthur, S.M., and Mr. Kerr, S.M., investigated and reported on this matter last year in favour of the Natives; and, with a view to Parliament considering the rival claims of the Natives and the lessees, certain of the leases in question which were on the point of expiring were by legislation extended to 1st August, 1914. The Public Trustee appeared before that Commission, and openly stated the view, which he still holds, that the Native, as a rule, is not qualified to be a successful occupant of a highly improved farm, and therefore, "in the interests of settlement," supported the idea of the tenants as against the Natives. High motive actuated the Public Trustee in so doing, but it is unfortunate that while a trustee for the Natives he should have had to consider the question of settlement by Europeans, and take up a position antagonistic to his beneficiaries. In our opinion this was just such a matter as might well have been submitted to a full meeting of the Public Trust Board before the Public Trust Office became committed to an attitude adverse to the wishes of its beneficiaries, and which, according to evidence placed before us, has diminished the *mana* of the Public Trustee amongst the Natives.

In his last report to Parliament the Public Trustee expressed the view that it would be a good thing if some scheme were devised under which the available areas could be taken up by the Natives in small associations under European management and control, with funds advanced by the Public Trust Office for working and stocking. To this end he suggests that the 2½ per cent. proposed to be taken off the office commission, as hereafter explained, should be retained and invested in a sinking fund for £10,000 to start the