

unimproved value of the land increases, but the rent remains stationery over the first term of the lease—namely, twenty-one years. As far as the East Coast Commissioner was concerned, he was in 1920 faced with the invidious position of having, after providing for land-tax, the munificent sum of £690 out of which he had to meet administration expenses, and the interest on the mortgage, and the overdraft in the bank. For any trustee to try to manage a trust estate handicapped as Mangatu No. 1 is by the heavy land-tax is a task which is hopeless from the outset, more especially with the prospect that any future valuation will again increase the value of this valuable block of Native land, and bring about a resultant increase in the abnormally heavy tax it is called upon to pay. Another example of how oppressive is the graduated tax is furnished by taking the case of the Greymouth Township, which includes an area of a little over 500 acres of Native land, which is administered by the Native Trustee, who collects the rents from the various tenants. The following figures show the position from the year 1914 onwards :—

Year.	Rent collected.		Tax paid.	
	£		£	
1914	..	3,540	..	237
1915	..	4,257	..	236
1916	..	3,761	..	238
1917	..	4,207	..	1,623
1918	..	4,223	..	1,623
1919	..	4,591	..	1,623
1920	..	5,134	..	1,623
1921	..	4,335	..	2,118

So that if in 1921 that portion of the township which is Native land was in European ownership it would be called upon to pay tax amounting to £4,236 out of a revenue of £4,335. These figures show how the operation of the graduated tax under the Act of 1917 has compelled leased Native lands to carry a burden out of all proportion to the benefit the owners are entitled to receive. The legislation laying down the law with regard to the management of trust lands by the Native Trustee requires to be taken into consideration on any question concerning the land-tax. The all-important point to be considered in the renewal of a lease is the amount of annual rental which is to be paid for the renewed term. The procedure for fixing this, briefly, is that the lessor (the Native Trustee) offers the lessee a renewal at a rent which is 5 per cent. on the latest Government unimproved value. If the lessee does not elect to pay this amount—and this is quite the usual thing—then it is necessary to have the rental assessed by arbitration. The lessor appoints his arbitrator and the lessee nominates his, and in practically every case both arbitrators are residents of the locality in which the land is situated, and generally they are also lessees from the Trustee. They can fix any rental they like, and the lessor is bound to accept their decision, even although it is well below the 5 per cent. margin. In the case of the East Coast blocks the rents for the renewed term are fixed by arbitration only. This system is open to serious thought as to whether Natives have under it any chance of receiving what they are justly entitled to—i.e., a fair rental for their land. This appears to be borne out in the case of Greymouth Township, as the total unimproved value is £114,360, and the present annual rental is a sum of £4,335 6s. 6d., or £3 16s. 6d. per cent. In the year 1874 the total annual rental collected in Greymouth was £3,697, and in 1921 it has risen to £4,146, so that the increase in rent over a period of forty-seven years was only the sum of £449, although the unimproved value has grown to the present large amount. Again, it is quite competent for arbitrators to fix the rental at a lesser amount than what was paid during the previous period, or to fix no increase at all. That such possibilities can exist is evidenced by the following cases : Sections 26 and 27 of Block I—

The Chairman : Is that at Greymouth ?

Mr. King : Yes. In 1866 the annual rental was £37 10s. ; in 1871 it was the same amount ; and in 1901 it had dropped to £21 15s. per annum. Section 13, Block II : In 1903 the annual rental was exactly the same as in 1868—viz., a sum of £31 10s. Recently the first term of the leases in Mangatu No. 1 Block expired, and it was necessary for the rentals for the renewed term to be fixed by the arbitrators ; and, as they entered upon their arbitration during the slump period, the result was shown in their assessments ; but even if times had been normal the same thing would have applied. The Commissioner naturally expected that, as the land had been leased for twenty-one years at a very low rental, he would during the renewed term receive a rental more in common with the increased value of the land, and thus put him in a better financial position to manage his trust in the future ; and it is not very difficult to imagine his feelings when he ascertained that the arbitrators had assessed the rentals at amounts which would not be half of what he expected to receive, and these rents must stand for the next twenty-one years, no matter to what amount the Government valuation increases. One cannot very well blame the arbitrators for what they have done, unless perhaps for the pessimism which led them to believe that this bright and buoyant Dominion would not, for the next twenty-one years, lift itself out of the trough of the slump waves which were breaking over everything at that particular time. The increasing value of land in this Dominion is showing more and more how grossly unfair is the system of fixing a rental by arbitration ; but the lessees have their rights given them by the statute law of the country, and, while the rent is fixed by this inequitable system, the tax is based upon an entirely different valuation—viz., the Government valuation. I should like to quote a portion of a letter from the Hon. Mr. Myers, Acting Minister of Finance, to the Hon. the Minister in charge of the Public Trust Office, in regard to a petition from some of the owners of the Ngatitu grant in the West Coast Settlement Reserves in Taranaki. The letter is dated 10th July, 1919, and it reads—

“ An investigation of the figures of the assessments of the lessees of the grant mentioned in the petition of the Ngatitu Grant 3799 discloses what appears to me to be a most extraordinary position. The district in which the lands comprised in this grant are situated was revised in 1913–14.