

(b) COMPENSATION.

Native leases are of three classes :—

- (1) Leases of land vested in the Maori Land Board and granted by it under its statutory powers. These leases provide for full compensation for improvements. (Section 263 of the Native Land Act, 1909.)
- (2) Private leases where no compensation for improvements is provided.
- (3) Private leases where compensation is provided for up to a specified amount (usually so-much per acre).

As to class (1), the complaint is as to the inefficiency of the provisions for payment of compensation. Section 263, already cited, contains these provisions. Subsections (5), (6), and (7) of section 263 have not been availed of or given effect to in any way in the past. To do so now would probably absorb the whole of the rent, but there is nothing to prevent it being done. Subsections (3) and (4) provide for the constitution of a charge upon the land and the appointment of a receiver. The powers of a receiver are defined by section 31 of the Native Land Act, 1909, as amended by section 3 of the Native Land Amendment Act, 1927. He cannot sell the land, and is confined to leasing for not longer than twenty-one years. Thus the immediate payment of the compensation is in no way provided for.

As to class (2): As the contract between the parties provides for no compensation, nothing can be done for the lessees unless the Legislature is prepared to empower an alteration of the contract embodied in a lease with or without the consent of the parties. By consent this can no doubt be done under present legislation. Deputations of Natives have, however, appeared before us and objected in the most emphatic manner to any alteration of leases, especially as to compensation. It is worth serious consideration whether any future lease should be confirmed unless it contains a compensation clause. Freeholding appears to be the only solution of this difficulty where the Natives are willing to sell. It is a mere truism to say that unless a lessee gets some consideration in regard to compensation for improvements he will not improve and the land will go back to the lessors in a deteriorated state.

As to class (3): The same difficulty is present as in class (1). The provisions for payment of compensation are similar. Section 228 of the Native Land Act, 1909, sets them out. Subsections (1) to (6) have not been taken advantage of save in one or two instances. The position as to a charge on the land and appointment of a receiver are similar to those in section 263 already referred to.

The outstanding remedy in regard to compensation in respect of all three classes of lease appears to us to lie in facilitating the acquirement of the freehold by the lessees. It is the only real solution that we can see.

An alternative would be to make the provisions of section 97 of the Native Land Amendment Act, 1913, which provides for the protection of mortgages of leases to any State Loan Department, applicable to the protection of lessees in all cases where the lease provides for compensation for improvements. Section 97, however, is drastic in its terms, and may very possibly work a hardship on lessors.

A further alternative would be to cut off portion of the land to answer the charge and to vest it in the holder of the charge. We foresee practical difficulties, however, in regard to this. The provisions of section 263/1909 could be made applicable to these private leases.

It is apparent to us that the position is not without its disadvantages to the Natives themselves. When a lease expires and compensation is payable, there is the danger of frequent occurrence that, while the land becomes subject to a charge, there is—in regard to private leases, at all events—no means of ensuring prompt action by the parties. Cases have come under our notice where the land has been left lying idle for perhaps years. The result of this in the King-country is that improvements rapidly disappear. Thus the increased value which the improvements are presumed to give to the land, and for which the land is charged by statute in favour of the lessee, will no longer be there. The position is not acute with regard to leases of vested land if the Board is provided with a suitable official to inspect and report on its properties; but with respect to private leases the remedy is not easy to give. But we suggest that there should be an official of the Board to see