

From the result of other enquiries I find that such clauses are generally introduced to protect the interests of ground landlords who are at the same time the owners of the houses or improvements on the land, and not of the lessor of the land only, although that may have been improved by public works to which the lessor contributed.

I think it appears from the bulk of the evidence that the assignment and bankruptcy clauses in the leases are unnecessary.

(f) Deminution of the total amount of rent resulting from a lower yield of gold is not, I think, so much to be feared as a falling-off in consequence of injury to the town from the overflow of the river.

This cause may at any time operate most seriously, not only by diminishing the security and value of the land but in saddling it with constant expense. It indicates the propriety of converting the property into other securities, if it can be done without any large decrease of revenue.

Reasons against the sale.

(g) Mr Greenwood's case is not an unusual one, and will illustrate the position of many of the tenants.

Difficulty of benefiting the derivative tenants.

I do not think, then, that reasons of expediency, founded on an idea of the decadence of the town and deminution of rental, indicate that the property should be turned into cash.

That gentleman states that he holds sections Nos. 81, 149, 175, and 283, at a rent of £39 a year, and that he sub-lets two out of the four sections, for £112 a year.

It does not appear from any of the arguments brought forward how such sub-tenants could derive a benefit from the tenant-in-chief becoming the owner of the land. It is true, he might extend the term of their leases, but the Governor could do that equally, if the wisdom of such a course were to be manifest.

The present tenant-in-chief would have to pay interest for the money required to purchase the freehold, or what comes to the same thing, to forego the receipt of interest, if he have the money in hand. In a gold field town like Greymouth money is so valuable for the purpose of ordinary business that high rates of interest would directly or indirectly affect the purchases, and very few would, I think, elect to pay a reasonable sum for the freehold when a small annual payment, like that of Mr. Smith or Mr. Greenwood's, yields at present so large a return, with improvements on the ground, rendering that return secure.

Where the tenants have built costly houses, or are carrying on a large and profitable business, they undoubtedly wish to purchase, and it is desirable that they should be enabled to do so at a fair price. I do not, however, think that the desire is very strong to purchase in the parts of the town remote from the centre of traffic, at Mawhera Quay.

It will be observed that many of the tenants-in-Chief have taken the precaution to abbreviate somewhat the term for which they have sub-let the land; so that for a small period before the lease falls in to the Trust, and after the occupation of the sub-tenant, the property shall revert to them. By this they may be in a position to profit by any act of grace, on the part of the Trust, in granting a renewal of the lease.

This, I am informed, is usual in sub-leases, but not in assignment of leases.

The committee of leaseholders in their letter of January 15th, "suggest that in case of a sale, a condition should be inserted extending the right of the subtenants to a sub-lease of forty-five years."

This is well meaning; but it is apparently overlooking the fact that the original tenants would be much less inclined to purchase if hampered with such a condition, and that the amount to be realized would be less in proportion,

(h) The approximate selling value of the portion of the reserve now let is estimated by Mr. Mackay at £20,000. I estimate it as considerably more valuable.

The sum of £37,500 would be necessary to be raised to give £3,000 (the present net income) at 8 percent; the sum of £42,857 for same amount at 7 per cent. The unoccupied part of the reserve cannot be taken into account in the present consideration; any revenue ever to be obtained from it would not bear exclusively on either side of the argument.

At 2½ years' purchase (or rent) the amount to be annually realised, at 8 per cent., would be £600; at 3 years' purchase it would be £720; as against £3,000, the present net revenue.*

In 10 out of 99 proposals made to purchase the rate offered is about 2½ years purchase.

In 44 out of 99 proposals the rate is about 3 years' purchase.

I am not disposed to attach much weight to these offers as indicating the rate that really would be paid as I doubt whether the amounts were fixed spontaneously. I think, rather, that for the freehold of the land along Mawhera Quay and in the adjacent streets fair and reasonable prices would be given.

2½ years' rental	£7,500, giving interest at 8 per cent.,	£600.
3 years' rental	£9,000 giving interest at 8 per cent.,	£720.
Present income	} £3,000	
Estimated	- 720	
Loss	- £2,280	

In support of the reasonableness of the low rate offered it is stated that all value attaching to the property, beyond the sum of £48 per acre, is the result of the expenditure of the tenants themselves, either upon the land or on the protective or other public works.

This is scarcely the case, as the Trust, in addition to the cost of surveys, had, before February, 1872, contributed the sum of £750 to public works, and this year for public works, £1555 7s. 2d.

I have never before known it to be urged that 2½ or 3 years' purchase was a sufficient price for the fee simple, because houses had been built on the land by the tenant, and I do not think it can be considered a valid reason.

(i) The resident natives participating in the revenue derived from the reserve are adverse to the idea of a sale. Some who were present at the discussion of the subject had come from so far as Bruce Bay, and all appeared much interested.

Inia, their spokesman, said, "In their minds it was fixed, the present order and system had only been arrived at after considerable time, and they did not want to see it changed."

* NOTE.—By the latest advices it appears that the gross rental has increased by about £516 annually, but, at the same time, the cost of public works has increased commensurately.