

REPORT

ON

THE NATIVE RESERVE AT GREYMOUTH,

BY THE

COMMISSIONER OF NATIVE RESERVES.

PRESENTED TO BOTH HOUSES OF THE GENERAL ASSEMBLY, BY COMMAND OF
HIS EXCELLENCY.

WELLINGTON.

—
1872.

HISTORY OF THE RESERVE.

Reservation of land by the Natives on the West Coast was first made in 1854 by the Ngaitoa Tribe, in whose deed of sale to the Queen, dated 13th December, 1854, of Waiponamu, occur these words—"This land we fully give up and make over to the Europeans when the homesteads for us and our children are laid out." £2,000 payment.

In the "Arahura Deed," by which "Poutini," on the West Coast, was sold by the local Ngaitahu natives, on the 21st May, 1860, the following words appear:—

"Otira tenei ano etahi wahi whenua mo matou i roto ki aua whenua ano konga pukapuka A me B aua whenua ki tenei pukapuka e mau ana-kihai i utu aua whenua." * * * * *

LANDS reserved from Sale for the Arahura Natives, West Coast, Schedule A, Lands Reserved for individual allotments. — And in translation.

Situation.	Area in Acres.	Total.
31, on the South bank of the River Mawhera or Grey, at the Pa.	Five hundred acres.	500

JAMES MACKAY, JUN.,
Assistant Native Secretary.

On a white population being drawn to the Grey District by the discovery there of gold in 1865, land along the river side on the Reserve became required for building purposes. For a short time the native owners of the Reserve made their own arrangements with persons offering to become tenants but difficulties appearing in the negotiations they availed themselves of the provisions of "The New Zealand Native Reserves Act, 1856," and placed the Reserve in the hands of the Governor.

See Order in Council 3rd February, 1856, *New Zealand Gazette* 17th February, 1856.

The Reserve was then surveyed for a town site, and building allotments were rapidly taken up on leases, for various terms, up to 21 years.

The area laid off in Town Allotments to the present time is 181 acres; the remaining 319 acres lie on a steep and densely-wooded hill, and are unsuited for building purposes.

See Mr. Mackay's letter of 15th January, 1872.

The gross amount of rent received from tenants to 15th January, 1872, was £22,022 1s. 1d., and the net revenue available for the purposes of the Trust, amounted, out of that sum, to £18,570 5s. 9d.

The following are the fixed annual charges:—

Salaries and Cost of Collection ...	...	...	...	...	£	s.	d.
Contributions to Borough Council ...	...	...	...	...	250	0	0
					280	0	0
					<hr/>		
					£530	0	0

The present gross rental is £3,248 a year.

The total amount by the Borough authorities to protective works, *i.e.*, river embankment, was to 31st December, 1871, £12,580, to which, in connexion with street improvements, the Trust contributed £750.

From 1st July, 1871, to 27th June, 1872, the gross rental was £3,764 4s. 0d.

A very much larger expenditure will be required to form permanent and effective works along the river side, as the present are insufficient in height, and of too perishable a material.

This was written before the occurrence of the disastrous February floods. The total paid from 1st July, 1871, to 27th June, 1872, was £1,555 7s. 2d. for public works.

Limestone is, however, now being brought down from the hilly portion of the reserve in considerable quantities as material for the embankment, but much larger quantities, at a much greater expense, will be required.

Many of the sections into which the Reserve has been subdivided are sub-let at very high rentals, and have passed through several ownerships of the lease.

Owing to there being no adjacent lands similarly situated in respect to river frontage, or conveniences for building purposes, it is impracticable to institute a comparison that would be of any value in determining the actual value of the land.

Mr. Perkins, conveyancer of Greymouth, states that the best allotments on the quay, nearest the reserve, would not exceed at sale £2 per foot, the worst £1 per foot. This would include improvements, but it refers to the land lying westward of Boundary Street in a position that is very liable to injury by the overflow of the river.

Since this was written several houses in this locality have been swept away by a flood.

The same circumstances prevent a comparison being made as to the rate of rent charged. The committee of leaseholders, in their letter of 15th January, 1872, mention the "heavy ground rent," and further state "that after the payment of insurance premiums, taxes, and ground rent, very little profit in the best instances, and no profit at all in most instances, is realised by the owner."

I think the "heavy ground rent" mentioned must be that paid by the derivative tenants.

I made personal enquiry amongst a considerable number of the tenants as to the working of the leases, and found that the matters chiefly complained of were:—

1. The expense of assignments; the "Land Transfer Act, 1870," being looked upon as being unavailable, but of desirable operation.
2. The short terms of lease.
3. The unnecessary stringency of the provisions of the leases in respect to assignment and bankruptcy.

See page 11.

The case of Mr. W. S. Smith does not appear to bear out the statement of the committee to the effect that very little or no profit is realised by the holders of leases. Mr. Smith's was not the only case in which a considerable profit appeared to accrue.

Reasons for selling the reserve:—

- (a) Incentive to improvement of building.
- (b) Diminished cost of insurance.
- (c) Increased facility of realising and raising money on household property.
- (d) Diminished rentals.
- (e) Abolition of objectionable clauses in leases
- (f) Transitory nature of present income.

Reasons against selling:—

- (g) Difficulty of mitigating the pressure on sub-tena
- (h) Low rate offered for fee simple.
- (i) Objection of natives to the sale.
- (j) Difficulty of re-investment.
- (k) Prosperity of district probably permanent.

(a) All the buildings in Greymouth are of wood, or of wooden frame, and galvanized iron covering. It is very desirable that brick or stone should replace this material, both on sanitary grounds and for greater security against fire.

It is not probable that brick or stone houses will be built on the short terms of the present leases.

On all gold fields there is a great amount of social hurry, and the absence of a lasting tenure to land must tend to increase this. Nothing that could be done by the Government would conduce more to the benefit of the Town of Greymouth than the judicious conversion of the existing leases into absolute conveyances.

(b) From the statements of Messrs. Perkins and Greenwood, it appears that the rates of insurance against fire in the town are:—

For Detached Houses	2½ per cent.
,, Houses on Mawhera Quay... ..	7½ „
,, Hotel Property	10 „

Mr. Greenwood states that the losses by fire amounted, in 1869, to £30,000, and, again, in 1870, to £5,000. Scarcely any of this loss of £35,000 was covered by insurance.

Persons best qualified to form a reliable opinion state that there is no probability of any restrictions being placed against building with wood within the town whilst the tenures are merely leasehold.

(c) Legal men state that much greater facility would exist for the mortgage and sale of household property if the land were actually owned by the inhabitants.

(d) The committee of leaseholders appointed to confer with me were of opinion that the sale of the land to the original tenants might result in a lowering of rent to the derivative tenant. I may state that only in one instance have I heard of a complaint of excessive first charge. The rates paid by the derivative tenants are, however, very high. The following case was not apparently considered an extreme one:—

Mr. W. S. Smith rents from the Native Trust the sections 213, 214, 214a, comprising 4A. OR. 32P. at an annual rental of £20. He occupies with his own villa residence the whole of 213 and a portion of 214; he sub-lets about one-third of the whole, at an aggregate rental of £80, and has still a piece of vacant ground. It is proper to mention, however, that Mr. Smith has laid out a considerable amount in the improvement of the roads about the property.

I may here mention that the amount offered by Mr. Smith for the fee-simple of these three sections is £85, or about one year's income from his sub-lessees for the part let to them.

(e) The committee of leaseholders brought under notice the covenant, in the leases, not to assign or sub-let without permission, and the proviso by which the right of re-entry is given in the event of the bankruptcy of the original tenant. They were of opinion that these were unnecessary and injurious to the property. Several others of the leaseholders drew my attention to these clauses stating that they cause the properties to be difficult to mortgage or sell.

I asked the opinions of the gentlemen named in the margin on the practical effect of these clauses. The written answers of Mr. Davy and Messrs. Hill & Son, I append; both are of opinion that the provisos are unusually stringent and depreciatory to the value of the property. Mr. Perkins, conveyancer of Greymouth, was of the same opinion.

Mr. Mackay states that inasmuch as the clauses give the lessor power to re-enter but do not say that he shall do so, or that the lease shall necessarily be void so the clauses are not of a nature to be complained of—so I read his meaning—and further that the provisos were only intended to operate against persons acting in opposition to the interests of the Trust.

Mr. Greenwood, collector of rents, states that no case has occurred of re-entry on these provisos, and only one case of re-entry for non-payment of rent.

Mr. Davy, District Registrar of Land, Auckland; Messrs. Hill & Son, Conveyancers, Auckland; Mr. Perkins, Conveyancer, Greymouth; Mr. John Greenwood, Collector of Rents, Greymouth.

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.*

2½ years' rental £7,500, giving interest at 8 per cent., £600.

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

3 years' rental £9,000 giving interest at 8 per cent., £720.

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.

Present income } £3,000
Estimated - 720

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.

Loss - £2,280

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.

In respect to longer leases being granted, he said, "The white people get a lease at a small rent from the Commissioner, then they let it at a higher rent, then again at a higher to another, and so on. And how do we gain? If longer leases were granted the price might still be increasing, but not for us."

Notwithstanding the opinion of the natives it might be judicious to sell portions of the reserve, from time to time, if a sufficient price were offered—one that would yield a permanent revenue equal to, or not much less, than the present rental.

The argument advanced by the committee, to the effect that the natives are not justly entitled to the enjoyment of the increased value that has accrued to the property from the colonizing energy of the European settlers, is not, I think, a sound one. The farther position, that if "ten years ago the proceeds were not essentially necessary for the welfare of the natives, much less ought it to be so now that their numbers seem to have greatly diminished"—this appears to be equally unsound.

If these reserves had been made by the grace of the Government, out of Crown land, for the benefit of natives generally, the arguments would have had some force, but in the present case (and in that at Arahura) the lands are exceptions to the territory sold to the Queen, and the deed before quoted shows not only that no payment was made for them, but that at the time of the sale it was thought proper to record the fact of the absence of such payment.

Mr. John White has kindly furnished me with a very close translation of the text of that part of the deed,—it is as follows:—"Nevertheless there are other pieces of land for us contained within these lands. Also, the lands (marked) A and B are those lands. They were not alienated.

(j) The difficulty of securing a suitable investment of money realized by the sale must be considered. In a case of trust funds, the purchase of Bank, Gas, or Insurance Companies stock would not be fitting. Government securities, mortgages, and land purchases would be more appropriate.

Mortgages would not yield more than seven or eight per cent. for a permanence. Investment in land is of uncertain profit.

Both of these modes of using the money would require constant supervision, and one of the advantages set forth as likely to result from capitalizing the property is the avoidance of the cost of administration. These are important but not insuperable objections to the sale.

(k) There appear fair reasons for believing that the existing state of prosperity in Greymouth is likely to continue. The customs' revenue is undoubtedly fluctuating, and the yield of gold (alluvial) has fallen off, but the evidence of the existence of deep leads is such, I think, as to warrant the degree of confidence which appears to subsist in the place. The discovery of gold in its matrix in the interior ranges indicates that permanent mining industries will be developed, of which Greymouth must be one of the centres.

Recommendation.

The conclusions to be derived from the evidence are, I think as follows:—

1st, That it is desirable that the land in the Reserve should be made available for purchase without any restrictions by the original lessees or their representatives, at a price that would yield at 7 per cent., a revenue not less than $\frac{5}{8}$ of the present rental.

2nd, That previous to the sale of any land facing Mawhera Quay, a line of street frontage should be determined, in such manner as His Excellency the Governor may direct, that should modify or equalize the present irregular angles of occupied frontage.

3rd, That in any leases yet to be granted the covenant relative to assignment should be omitted, together with the clause providing for re-entry in case of bankruptcy, and that where it may be desired new leases without the above clauses should be granted at the lessees' expense.

4th, That it is not necessary to take the estate into the Native Land Court, His Excellency the Governor already having power under the Acts specified in the margin, to sell and convey for the benefit of the natives any portion of the Reserve.

5th, That it is desirable that "The Land Transfer Act, 1870," should be so far amended as to cause land vesting in the Queen under "The New Zealand Native Reserve Act, 1856," to be for the purposes of "The Land Transfer Act, 1870," equal to land held under a Crown Grant.

"The New Zealand Native Reserves Act, 1856," and "Native Reserve Amendment Act, 1862."

CHARLES HEAPHY.

Auckland, 5th June, 1872.