

1883.

NEW ZEALAND.

THE POUAWA BLOCK, GISBORNE

(LETTER FROM MR. C. A. DE LAUTOUR RELATING TO).

Laid on the Table by the Hon. Mr. Bryce, with leave of the House.

MR. DE LAUTOUR, M.H.R., to the Hon. the NATIVE MINISTER.

SIR,—

Wellington, 30th June, 1883.

I have read with regret a letter dated the 23rd March, 1881, from Mr. Judge Heale to his Honour the Chief Judge.

This letter contains a statement of the circumstances under which the Pouawa Block was subdivided by the Native Land Court, sitting at Gisborne, under the presidency of Mr. Heale, and asks for instructions. It appears to have remained unnoticed in your office for two years and a quarter, and to have been brought before Parliament rather suddenly, without any reference to Gisborne for explanation. Under these circumstances it may unduly influence the House of Representatives and Legislative Council in the matter of legislation to be proposed during the present session if, as I think, the statement it sets out is made in error.

Being familiar with the circumstances of the purchase of the Pouawa lease referred to by Mr. Heale, though in no way interested or responsible, I think it right to place my information at the disposal of the Government, believing it to be inexpedient that erroneous allegations of fact should be accidentally communicated to Parliament, by His Excellency's command, without Ministers being enabled at the earliest moment to advise their withdrawal.

Mr. Heale states that Pouawa was leased in 1874 ("seven years ago it was leased," &c., he says, writing in 1881), for twenty-one years, at a rent of £100 per annum. This is incorrect. Pouawa was passed through the Court in 1869; and either that year or the following year was leased for £200 per annum, for twenty-one years, to Mr. G. S. Cooper. This lease almost immediately fell into the hands of Mr. G. E. Read. The rent payable did not satisfy this gentleman, so he at once obtained a new lease from the Native owners at half the original rental—£100 per annum. Mr. Read's interest in the lease was next sold to Mr. Percival Barker and Mr. Allan McDonald. An arrangement of partnership affairs left the lease of Pouawa with Mr. McDonald. In the year 1878 Mr. McDonald sold out his interests in Pouawa, together with a lease of Kaiti and 15,000 sheep, to Mr. David Doull, formerly of Wyndham, Otago.

Kaiti is a valuable block, containing about 4,500 acres, well covered with natural grasses. It is situated between Gisborne and the Pouawa Block, being divided from the township by the Turanganui River, now about to be bridged. The owners in Kaiti are intimately associated with the owners in Pouawa. Mr. Doull had in 1878 acquired the interests in one or more leases of Kaiti, made for the usual period of twenty-one years, at an aggregate rental of £175 per annum. These leases had, at the time of the Pouawa subdivision, been running about seven years, and it is probably these which Mr. Heale has so strangely confounded with Pouawa, the lease of which in 1881 had certainly not fourteen years to run. In 1880 Mr. Doull was in occupation of Pouawa and Kaiti. Both blocks were well stocked with sheep, much fencing was on the ground, and the homestead was situated on Kaiti. Mr. Doull had also purchased the freehold of Papawhariki, a small block of 110 acres, naturally a portion of Kaiti, which, for some reason, had been Crown-granted. This valuable little block immediately adjoins the site of the proposed harbour works at Gisborne.

The Natives, sixty-five owners in Pouawa, and a still larger number in Kaiti, had to draw, in Pouawa, £100 per annum for ten years; in Kaiti, £175 per annum for about fifteen years. It was not possible for them to sell individual interests in the freehold, for such alienations were illegal if made prior to subdivision. They believed, as did Mr. Heale, that the land was good agricultural land, chiefly that portion totally under fern, which was no use to the lessee in its natural state for pasture.

Mr. Doull was unable to make improvements. He had to contend with disease in his flocks, since happily stamped out. He had no increase; on the contrary, he had fewer sheep than when he purchased from Mr. McDonald. He was being prosecuted successfully for infecting his neighbours' sheep. Under these circumstances he was not unwilling to sell his leases, provided he could pay off his encumbrances and leave, once more to take up his southern properties, without a total loss of all the money he had brought into Poverty Bay. The Natives agreed to resume Mr. Doull's leases and to pay a sum of £25,000 (I take Mr. Heale's figures) for the lease of Pouawa, the leases of Kaiti, all the stock and improvements, and the freehold of Papawhariki. This sum represented the aggregate value of the encumbrances and some premium to Mr. Doull. The money was to be paid by sales of a portion of Pouawa, a title to which was to be obtained through the Land Court. Kaiti was also to contribute by sales or by money borrowed upon a fixed proportion of freehold

similarly to be acquired. Pouawa was to bear £12,000, Kaiti £13,000. Seven thousand acres of Pouawa were to be sold at £1 5s. per acre to the Belfast immigrants. They were also to be offered 5,000 acres upon lease at easy terms. The balance of the block, situated on the coast, well grassed, not the least valuable portion, but by far the most valuable in extent, about 6,000 acres (5,986), was to be reserved in the meantime for further Native reservations and future leases.

The dilatoriness of the Land Court effectually prevented the sale to the Belfast settlers. When they landed at Gisborne Mr. Heale was still talking of subdivision, and stating cases to the Supreme Court; his mind, as it would now appear, clogged with suspicious and erroneous impressions. The settlers would not give their money for land to which the Natives could give no title, and one by one they scattered, to settle, if possible, in other districts not blighted by an inoperative Native Land Court.

The position of the Natives upon the exodus of the Belfast settlers was most embarrassing. They had made a contract with Mr. Doull to purchase his interests; they had taken possession of the properties, which were carried on at their cost and for their benefit. Mr. Doull was unpaid; he in turn could not pay his mortgagees. The freehold of 12,000 acres in Pouawa had at last been given by Mr. Heale, and was available at least for attachment if Mr. Doull had been pressed for his default and had suffered through breach of contract.

At this stage, about the end of 1881, the New Zealand Native Land Settlement Company, with a southern proprietary, was registered, and began to acquire lands at Poverty Bay on terms of agency. The Natives requested the company to take over the Pouawa and Kaiti properties, and to carry out for them the engagements which they were wholly unable to meet, and which placed their properties in danger. At this time the leases of Pouawa and Kaiti were unsurrendered by the mortgagees. The company agreed to intervene on the condition that all parties would abide strictly by the agreement between themselves, which agreement had been made prior to the company's intervention. Ultimately, after endless difficulties, this was completed, and the company took the place of the Natives and faced the complications created by the Native land laws, by the Land Court, and by the parties. The company took over everything—the freehold of 12,000 acres, the freehold of the coast block (5,986 acres), the leasehold of Kaiti, the freehold of Papawhariki, the stock and homestead. The mortgagees surrendered the lease of Pouawa, which merged into the freehold. The leases of Kaiti will similarly merge upon subdivision, except as against all those not represented by the land company. The whole property then belongs to the Natives. It is managed by the land company. The company has the legal estate, but contracts to account for all expenditure and for all realizations.

It may be interesting to note the results. The land company has sold, in areas of from 160 to 800 acres, about 5,000 acres of Pouawa, at £2 and £2 5s. per acre. It has in hand 7,000 acres, worth £2 per acre, this being the unsold balance of the 12,000 acres referred to by Mr. Heale as sold for £1 per acre. It has also the coast block, 5,986 acres, worth at the least £2 10s. per acre, which it is not proposed to recommend the Natives to deal with at present. The station-sheep, worth £5,000, graze over this block and Kaiti. The Kaiti leases, with thirteen years yet to run, are worth £5,000; while the freehold of Kaiti, say, 4,000 acres, allowing for reserves, will be worth £40,000 immediately the title is registerable.

The practicable realization within five years' time will be—in Pouawa, at least £24,000, leaving 6,000 acres available for perpetual leasing; in Kaiti, £20,000, leaving 2,000 acres available for similar leasing. Of these sums, fully £12,000 will be available for investment on mortgages in Government stock or the company's debentures, as the Natives, through their committees and directors, may see fit to direct, bringing in nearly £1,000 a year for their maintenance. In addition, they will receive two-thirds of all rentals derived from the lands leased.

Mr. Heale's errors are palpable. He has confused the Kaiti leases with the Pouawa leases as to their respective durations. He has then forgotten all about the Kaiti and its value. He has similarly ignored the value or even the existence of the stock and improvements.

I do not say that the Natives did not give too much for Mr. Doull's interests in the leaseholds. On the contrary, I think that they did. Yet it has to be remembered that Native leases invariably fetch more than they are worth if valued simply for what can be obtained in each year in wool and meat. A strong tenant coming in would never have sold, even at the price accepted by Mr. Doull, knowing that with thirteen years' use of Kaiti he could outlive nearly all the Native owners of influence, and probably in the end would be able to secure the freehold at a price as truly nominal in relation to the true value of the freehold as Mr. Reid's £100 per year was relatively to the true value of the leasehold. Native leases are regarded, not so much as value for grazing, but as potent weapons by use of which the speculator sees his way to wrest the freehold before twenty-one years expire from the Native landlords. Such leases are but rarely legal, and I take this opportunity of stating my conviction that it would not be inequitable for the Legislature to declare by statute that, legal or illegal, they shall have no further force or effect than tenancies from year to year.

I venture to ask that a copy of this letter may be presented to His Excellency, and submitted at the earliest opportunity to the two branches of the Legislature. All which I very respectfully submit for your consideration.

The Hon. the Native Minister.

I have, &c.,

C. A. DE LAUTOUE.