under, prescribed how the Maoris were to be protected and the restrictions on alienation were to be made. There was the whole settlement. We admitted that we were under obligations; we inquired into those obligations; we authorized the Governor to settle those obligations, and by the Act of 1881 we prescribed how the Maori was to be protected when we did fulfil our obligations. Now, the Maori accepted that position, and as a result the difference between the Maori and the pakeha, which had for years disturbed the tranquility of Taranaki, were at an end. I do ask your Worships to remember that the whole transaction was the fulfilment of what we recognized to be our obligations—that in order to insure that the Maoris should get the full benefit of the payment which we made them we constituted ourselves trustee for the Natives. The nation constituted itself trustee for those Natives, and the Public Trustee was made the agent of the nation for the carrying-out of those trusts. The Act of 1881 itself shows that that was so. Section 8, in dealing with the appointment of a Reserves Agent and the duties of such Reserves Agent, says that he is to carry on the business of the reserves for the benefit of the Natives and for the promotion of settlement. Of course, promotion of settlement was necessary for the benefit of the Natives. We had to get white tenants to work the lands if the Native was to get the full advantage from those lands. The Reserves Agent is directed to consult with the leading Natives as to what is to be done in particular cases, as to what is a fair rent, and in regard to other details. It is obvious that we recognized our position as trustee at that time. Now, by section 11 of the Act of 1881 there is power to lease for twenty-one years, and at the end of that twenty-one years the lease is to be put up for public auction or public tender. That shows that there was then to be no absolute right of renewal in the tenant, and the Governor in Council was, by section 5, given power to make regulations. Section 5 did not give the Governor in Council any powers to deal with the compensation for improvements. Now we come to the regulations which the Governor in Council actually made. Those are the regulations of the 13th February, 1883, which are already before your Worships. Those regulations prescribed not only the terms upon which the leases were to be issued, but also the very form of the lease itself, and the regulations and the lease made provision for compensation for certain improvements up to £5 per acre. Now, I pause here to point out that those regulations were to a certain extent, so far as compensation for improvements was concerned, *ultra vires*. Subsequently to those regulations which I have said were issued on the 13th February, 1883, the amending Act of 1883 was passed: it was passed on the 8th September, 1883. That Act gave power to lease for thirty years, and it gave the Governor in Council power to prescribe the nature and extent of compensation for improvements. Now, this was a departure, as your Worships will see, from the arrangement which, as I have said, settled the difficulties in Taranaki. It is unreasonable to suppose that this departure was in fraud of the Natives. I do not suggest it, and it is not suggested by the Natives, but the departure from the arrangement originally come to with the Natives must have been because it was found impossible to get tenants on the terms prescribed by the Act of 1881. Now, that fact suggests that, at any rate, some intending tenants had gone fully into the question of what they were to get, and had come to the conclusion that they could not take up the land unless they were to get compensation up to at least £5 an acre in respect of certain improvements; and it also suggests that the State, having regard to the fact that it was trustee for the Natives, had come to the conclusion as to what were fair terms to offer in order to get tenants for that land. Now, at this stage the leases were taken up, and the actual bargain —whether or not the tenants understood it—we will discuss. The actual bargain entered into was this: The lease was to be for thirty years; there was no right of renewal, and the improvements for which compensation was given were limited in character, and compensation was limited to £5 an acre. Now, I just pause here to remind your Worships that the question was raised by my friend as to whether, if one read the lease of 1881 strictly, the limitation was really and is now £5 an acre. I propose to argue later that that contention of my friend's is wrong. I shall also show your Worships that whether right or wrong it has not a material bearing on the question which we have to answer, so that I leave that point out of consideration for the present, and will return to it later. In 1887 there was a reduction of rent made. That reduction was made under the authority of an Order in Council which was gazetted on the 25th October, 1887. The reference is *New Zealand Gazette*, 1887, p. 1368. Not only was the Public Trustee given power to reduce the rent of tenants who made a statutory declaration that they could not afford to pay their present rents, but interest on rent in arrear was reduced from 15 per cent. to 5 per cent. The regulations which had been made in 1883 prescribed 15 per cent. interest on rent in arrear, and that was reduced by this Order in Council from 15 per cent. to 5 per cent., although the tenants had already made a bargain to pay 15 per cent. Now, that Order in Council, I submit, was obviously *ultra vires*. It was not validated by an Act which was passed later on in 1887; nothing was said of that Order in Council, nor by an Act referring to these leases which was passed in 1889, but it was expressly validated by the Act of 1892, four years later. Now, we would not take the technical point that the Order in Council was *ultra vires*— we would not complain so much about that if what that Order in Council did was reasonable, having regard to the fact that the nation was in a position of trust to the Natives. Would a pakeha lessor have granted both the concessions which the Order in Council granted? If the reduction of interest was intended to refer to rent which should in future be in arrear, then surely it was unnecessary since the rent was being reduced to what the tenants could pay. If the reduction in interest was intended to refer to rent which had already fallen into arrear, then you have the position of a trustee giving away that which already belongs to the beneficiary. Now, while I am on this question of reduction of rent, I want to point out to your Worships that before any reduction of rent could be made by the Public Trustee it was necessary for a lessee to make application and a statutory declaration that he could not pay his rent; and notwithstanding the fact that the lessees under the Act of 1881 now come before the Commission and say that