

1915.
NEW ZEALAND.

LANDS COMMITTEE

(REPORT OF) ON PETITION OF C. A. DE LAUTOUR.

(MR. E. NEWMAN, CHAIRMAN.)

Report brought up 26th August, 1915, and, together with the Petition, Departmental Report, and Minutes of Evidence, ordered to be printed.

ORDER OF REFERENCE.

Extract from the Journals of the House of Representatives.

THURSDAY, THE 1ST DAY OF JULY, 1915.

Ordered. "That Standing Order No. 219 be suspended, and that a Committee be appointed, consisting of fourteen members, to whom shall stand referred after the first reading all Bills affecting or in any way relating to the lands of the Crown, or educational or other public reserves; the Committee to have power to make such amendments therein as they think proper, and to report generally when necessary upon the principles and provisions of the Bill; the Committee to have power to call for persons, papers, and records; three to be a quorum: the Committee to consist of Mr. Anderson, Hon. Mr. Buddo, Mr. Coates, Mr. Forbes, Mr. Guthrie, Mr. MacDonald, Mr. McCombs, Mr. E. Newman, Mr. Nosworthy, Mr. T. W. Rhodes, Mr. R. W. Smith, Mr. Statham, Mr. Witty, and the mover."—(Right Hon. Mr. MASSEY.)

REPORT.

I AM directed to report that the Committee recommends that the Government give favourable consideration to the claims of the petitioner for some compensation for improvements effected by him after the interviews between Mr. De Lautour's son and the then Government in 1903.

26th August, 1915.

EDWARD NEWMAN, Chairman.

PETITION.

To the Honourable the Speaker and Members of Parliament of the House of Representatives, in Parliament assembled.

THE humble petition of the undersigned Cecil Albert de Lautour, of Gisborne, in the Provincial District of Auckland and Dominion of New Zealand, retired barrister, sheweth:—

1. That your petitioner, in or about the year 1898, purchased the goodwill of a certain Native lease which was originally taken up by Messieurs Murray and Bentley in the year 1893 over the Whakaangiangi Nos. 5A and 5B Blocks, containing 2,262 acres, and situate near Te Araroa, East Cape. The lease was for a term of twenty-one years from the 1st day of April, 1893, at an annual rental of 1s. per acre, with an increase to 1s. 3d. and 1s. 6d. per acre after seven and fourteen years respectively.

1—I. 5A.

At the time your petitioner purchased the lease about 700 acres of bush had been felled and grassed, of which area about 250 to 300 acres were situate in Whakaangi 5A Block; with the exception of this 700 acres, the land under lease was all in heavy dense bush.

2. The original lessees were unable to carry on the leases, which on default happening had fallen to the mortgagee, the Bank of Australasia. Your petitioner acquired that bank's interest for the sum of £2,000.

3. Your petitioner's object in acquiring the property was to make provision for his family. The property has been continuously in the occupation of your petitioner by one or other of his sons.

4. At the time of the purchase by your petitioner it was lawful to acquire the fee-simple of Native lands subject to the safeguards for the protection of Natives provided by law; and your petitioner proceeded from time to time, as opportunity offered and his finances would permit, to acquire the freehold of the interests in Whakaangi A and Whakaangi B held by him as aforesaid under lease.

5. Your petitioner is not aware of any case where the Crown, in acquiring Native land for settlement purposes, has knowingly competed with occupiers of the same land held under lease who were engaged in opening up and breaking in the backblocks of the interior.

6. At the time of purchase there were no roads in the district north of the Waiapu River, and practically no settlement whatever, and your petitioner had to open tracks for his own use.

7. Some time after the lease was acquired the Native Department sent a Land-purchase Officer (Mr. Wheeler) into the East Cape district, and he acquired undivided interests in a number of Native blocks the location of which was not then ascertained.

8. When the shares purchased by the Crown were partitioned out by the Native Land Court in 1899 it was found that the Crown had acquired 1,102 acres in Whakaangi 5A and 51 acres in Whakaangi 5B Blocks above mentioned and leased by your petitioner. On inquiring into the matter at the time, and complaining that the Crown was preventing him acquiring the freehold of the property he was breaking in, your petitioner was informed that it was not known that any of the shares acquired by the Land-purchase Officer were in his blocks, and that the Land-purchase Officer had been instructed not to acquire any land that was occupied by Europeans. At this time, besides the purchase-money which had been paid for the leases, your petitioner had spent considerable sums of money in felling bush, grassing, and fencing, most of which happened to be on the piece awarded to the Crown by the Native Land Court, as this piece was situate nearest the homestead and was first improved.

9. To protect these moneys your petitioner applied to the Crown Lands Board for a new lease. The then Commissioner of Crown Lands, Mr. E. C. Gold Smith, informed him that there was a precedent under analogous circumstances for granting such a lease, and the Hawke's Bay Land Board sent on the application to the Minister with a definite recommendation for approval, but the application, however, was not entertained by the Minister.

10. Before deciding to complete the clearing of the country held under lease as aforesaid your petitioner sent his son to Wellington to ascertain his position as a tenant of the Crown, and to obtain, if possible, some assurance that his improvements would be protected.

11. Being satisfied with his son's report, your petitioner continued improving the balance of the section by felling and burning the bush, sowing English grass, fencing, and building, and also by clearing up the country which had gone back before your petitioner acquired the lease, and which had not been cleared up before as the unexpired term of the lease was so short. Within the last five years 300 acres had been felled and sown, four miles of fencing have been erected, and £100 has been spent in building a new dip and renewing sheepyards. Two years previously considerable additions and alterations were made to the homestead.

12. Your petitioner understands that the Crown only paid 8s. per acre, or £472 16s. for the freehold, about fourteen years ago. Since that time your petitioner has been paying the Crown 1s. 3d. and 1s. 6d. per acre rent. This is equal to interest at the rate of from 15 per centum to 18 per centum on the amount expended by the Crown on the purchase of the block. The land, together with the improvements effected by your petitioner as aforesaid, is now valued by the Crown at £14,370 according to the Land Board's poster. To a very great extent this increment has been occasioned by your petitioner's efforts in settling the country and the expenditure of his capital.

13. Your petitioner's leases expired on the 1st day of April, 1914, when he handed over to the Hawke's Bay Land Board a fully improved property in first-class order, consisting of 1,182 acres laid down in the best English grass, and thoroughly fenced and subdivided into seven paddocks by seven and a quarter miles of puriri and totara posts and galvanized-wire fencing, and on which is situated a homestead of nine rooms, wash-house, dairy, men's whare, and stable. Unless relief is granted to your petitioner he will lose the whole of the capital he has invested for the purpose of effecting these improvements on the property acquired by the Crown. The Hawke's Bay Land Board have again leased the property to other parties in two separate holdings. The upset rentals amount to £714 for a license for occupation with right of purchase and £571 4s. for a renewable lease.

Your petitioner therefore humbly prays that your honourable House will be pleased to take the facts and circumstances into consideration, and to make such recommendation in [the subject-matter as may be equitable and just.

And your petitioner, as in duty bound, will ever pray.

Dated at Gisborne, this 14th day of July, 1915.

C. A. DE LAUTOUR.

Witness to the signature of the said Cecil Albert de Lautour—GEORGE STOCK, Solicitor, [Gisborne

DEPARTMENTAL REPORT.

Petition 93—C. A. de Lautour.

SIR,—

Department of Lands and Survey, Wellington, 23rd July, 1915.

I have to acknowledge receipt of your letter of the 21st instant, forwarding the above petition, and desire to make the following report thereon:—

The land referred to in the petition of Mr. C. A. de Lautour was known as Whakaangi Blocks 5A and 5B, containing 2,622 acres, and leased by the Native owners to Samuel Bentley and John Murray for twenty-one years from the 1st April, 1893, at a rental of 1s. per acre for the first seven years, 1s. 3d. for the second seven years, and 1s. 6d. per acre for the third seven years. The lease did not provide for the payment of compensation for improvements. It was transferred on sale by default from the Registrar of the Supreme Court to the Bank of Australasia on the 17th November, 1896, and Mr. De Lautour took it over on the 21st May, 1898. 1,164 acres 3 roods 1 perch was purchased by the Government and proclaimed Crown land in *Gazette* of the 4th August, 1898, page 1254. Mr. De Lautour's lease expired on the 31st March, 1914, and the land was opened for selection and disposed of in two sections on the optional system on the 21st April, 1914. Messrs. De Lautour, Barker, and Co., on behalf of the late lessee, made application to the Hawke's Bay Land Board in April, 1914, to be allowed compensation for improvements effected, but the application was declined by the Land Board. There is no record in this office of the petitioner being informed that improvements were always allowed to tenants on the expiration of their leases. Mr. De Lautour, on the 18th April, 1902, applied to surrender his lease and have the land reoffered for selection, weighted with the value of his improvements, but his application was declined by the Government.

It will therefore be observed that within five years after he purchased the leases, and while the leases had still more than eleven years to run, Mr. De Lautour applied to the Land Board for permission to surrender his leases of the parts then included in the Government freehold, and to take a new lease from the Government at a rental based on the then value, but weighted with the value of the improvements made by him on the Government freehold. The Land Board recommended it, and the Under-Secretary for Lands did not disapprove, but Cabinet refused it in February, 1903.

The whole position was then manifest to Mr. De Lautour. All improvements and bushfelling which he then continued to do he knew he must lose. His leases gave no right of compensation or renewal, and the Government had refused to permit an extension of his lease.

Mr. De Lautour cannot, therefore, contend that improvements effected since the decision of the Government in 1902 have been made with any expectation of refund.

Petition returned herewith.

The Clerk, Lands Committee, Wellington.

I have, &c.,

JAMES MACKENZIE, Under-Secretary.

 MINUTES OF EVIDENCE.

THURSDAY, 6TH AUGUST, 1915.

The Chairman (Mr. D. H. Guthrie): I may say the Government have expressed a wish to have the evidence taken down. We gave a favourable recommendation to this petition last year, but when the matter came before the Government they were at a loss because they had not a record of the evidence given.

[Petition read.]

Mr. C. A. DE LAUTOUR examined. (No. 1.)

C. A. de Lautour (the petitioner) said: With your leave, Mr. Blair is here personally to advise me in respect of matters I might omit. I am sorry you are troubled again with this petition. Your Committee very patiently went into the matter last year, but unfortunately no record was taken of the evidence that was put before you, and, although your Committee unanimously found that I was entitled to equitable compensation, no grounds for that finding were shown in the report.

The Chairman: I may assure you now that the evidence will be taken down.

C. A. de Lautour: I am only apologizing for troubling you with this matter again. I should have observed this myself, and have drawn attention to it, but unfortunately it was not so; so when the matter came before the authorities, naturally, they had nothing but the bare legal position, and, of course, the Committee understand that if I had a legal claim for redress in the matter I should not be here at all. My position would be in another place. May I take it as determined that the technical position is admitted—I need not perhaps encumber your minutes—that the title to the blocks—

The Chairman: Yes, that is all quite plain.

Mr. De Lautour : My lease is here, which formally should be taken perhaps as before the Committee. I bought this property from the Bank of Australasia, as recited in my petition, for £2,000. The property at that time having been unoccupied for more than two years, since the default of the original tenants, had gone back very largely, and had practically to be reclaimed. I need not trouble the Committee with that, because it is no part of my claim—the exertions that were necessary in this work to break in that country. My claim rests simply on what took place in 1903. You will observe that the Secretary's report on my petition says—what I at once admit—that I had full knowledge from the time of the partition of the Crown's interest that if I went on with my improvements I went on with them at my own risk. I admit that I knew that, and that was the reason, sir, of my importunity. I went first to the Land Board, and endeavoured to see what was best to be done in my own interests primarily, and in the interests of the Crown secondarily. We were in this position : The Crown as owner was within, say, eleven years of occupation ; I, as the outgoing tenant, also had eleven years' possession to contemplate. At that time markets were not what they are now.

The Chairman : Will you make it clear that eleven years was the time.

Mr. De Lautour : Well, I take it that 1903 is the admitted date when I knew that I could get no redress for any improvements I put on subsequently, except by arrangement with the Crown. That is common ground between Mr. Mackenzie's memorandum and myself. I did not like to face the position of having to pay rent for eleven years and get nothing for it. Rents certainly were not high—it was 1s. 6d. ; but you will remember, on the other hand, that to fell that bush—the heavy bush of that district costing £3 and upwards an acre—as markets then were, no profits could reasonably be expected ; it was a hopeless proposition. I could not have done it ; there would have been nothing in it for me. On the other hand, if the improvements could be protected in any way, in eleven years that country could be converted into rolling downs, such as they now are, and which are valued by the Crown at £14,000. I brought the matter before Mr. Gold Smith, the Commissioner, and he was of opinion that it was in the interest of the Crown that that land should be improved, should be brought into the best condition possible, so that the highest rent could be obtained when the lease fell in.

The Chairman : Who is Mr. Gold Smith ?

Mr. De Lautour : Mr. Gold Smith was the Commissioner of the Hawke's Bay Land Board. He pointed out that under similar circumstances, within his knowledge, surrender of the lease had been permitted and a new lease offered to the public—not to the tenant necessarily, but to the public—upon terms as to improvements and ground-rent agreed to with the tenant in possession. I attended the Board, and made a formal application upon those lines. I agreed with the Board what the then value of the improvements were upon that piece of land, and the unimproved value. The application was approved by the Land Board, and sent forward to Wellington for consideration. It was a long time before I could get any answer as to what had become of this application, and at last the only reply I could get was that it had been made a question for the Cabinet. Ultimately I was told that the application had been refused.

The Chairman : Do you know what date that was ?

Mr. De Lautour : It was the end of 1903. Not getting any reasons for the action of the authorities, I sent one of my sons to Wellington to inquire at the Lands Department, and, if necessary, from Ministers, what the reason was for refusing the Board's recommendation. If I could ascertain it I desired to do so, and, if it was final, to discover what other course was open to me, if any. Mr. Kensington was then Under-Secretary for Lands, and he will inform the Committee what passed between himself, Mr. Seddon, and Mr. Duncan—Mr. Duncan then being Minister of Lands—after my son's interview with the Ministers. My son, unfortunately, is dead. That, of course, seals my mouth as to what he told me. Mr. Seddon and Mr. Duncan and Mr. Gold Smith also have all passed on ; so that I do not pretend, and I will not attempt, to say what passed between my son and myself as to that interview, but rest my case on Mr. Kensington's evidence : only this, that on his return to Gisborne we went on with our improvements, and, with the exception of 60 acres which is left for shelter purposes, the whole of the balance of the lease, which was then in 1903–4 in timber, has been put into good grass. I am absolved from any evidence as to that, because it is all put on record by the Crown. Will you give me the map ? The Crown here gives a full description of the improvements that were on the land. [Map put in.]

The Chairman : I do not think that is a matter in dispute.

Mr. De Lautour : Well, it says that the whole country, with the exception of a piece of bush that was purposely reserved, has been put into a thorough state of cultivation. The timber has been destroyed and removed where it was heavy ; and the land is in that condition that it is bringing in to the Crown a rental which, based on 5 per cent., shows a capital value of over £14,000. I think the records will show that the price the Crown gave for it was 8s. an acre. Yes ; the Appendix to the Journals for 1896, Volume 3, paper G, page 10, shows the price that was given by the Crown for this interest was 8s. an acre. I think I put it in my petition at £472, and they have now an estate that they value themselves at £14,000. Well, I have no objection to the Crown making a good bargain ; but it proves, if I may venture on argument—it proves the position the Land Board took up in 1903—that it was to the interests of the Crown to allow me to complete these improvements ; and the view taken by Mr. Seddon and Mr. Duncan, as Mr. Kensington will tell you—that it was in the interest of the Crown I should be allowed to go on—has been absolutely supported. The estate that cost the country £472, and which I was paying interest on in my rental of from 14 to 20 per cent. for at least twelve years, and which is now producing a rental equivalent to a capital value of £14,000, was a splendid investment for New Zealand. The converse would have been an unimproved estate of 1,180 acres, which even now could not have been expected to produce a very substantial rental. Then the Crown has received, as you will see by these conditions, £390 for my house, and £525 and £177 for my fences—a total of £892 10s. as against their investment of £472. It is a little difficult to fix what improvements I have made on that country since 1903. There is a letter of mine to the Commissioner of Lands that is

helpful. It is probably on their file, sir. I have a copy; it is dated the 18th April, 1902. I recite here a good deal of what I have already troubled the Committee with. I will not read it all to you, but in it I say to the Commissioner: "It seems to me that there are two courses open to me. First, to wait for the expiration of the term, and then trust that my equity to the improvements would be recognized in the new term of years then to be offered to the public; second, to ask the Board now to permit me to surrender the portions of the two leases which the Crown has acquired the fee-simple of, and in offering new leases of years to the public to protect me as to my present improvements, which I have either bought from the bank or created since by further heavy expenditure. I respectfully urge that the second course may be permitted, for this reason: that upon 5A, out of 1,153 acres, there are still 621 acres in bush unimproved. I do not think I ought to be asked to expend a further sum of £1,242, which at least would be needed to improve that area, on my present tenure. Yet if I do not so improve it I shall be paying rent for twelve years on land which will produce me nothing." That seems to me to fix that at that time my estimate of the unimproved country was 621 acres. I think, in addition to that—but I speak with doubt—there was 100 acres of bush that was not intended to be felled or dealt with, which included the 60 acres that really has been left. I do not speak with certainty, but I do not think that 100 acres was taken into account in my estimate of the 621 acres. However, taking it against myself, there were 621 acres at that time unfelled and 500 acres more or less partially improved. You gentlemen who are practical men will appreciate it better than myself—the first fall in that country was under very difficult circumstances. It was very difficult to get satisfactory fires in that district. It is, I suppose, one of the wettest parts of New Zealand—in volume of water, at any rate and most of our burns have been unsatisfactory. Well, that means that subsequent to 1903, to make that 500 acres what it is now, we have had to go over it more than once, at very considerable expenditure. What ought to be the allowance for the complete improvement of the land on the first felling to make it into the country it is now is a practical question which members of the Committee will be able to appreciate better than myself. In addition to that there is the actual expenditure on the house. Although we knew our house was on a Government piece of land, we had sufficient confidence in the arrangement made in Wellington in 1904 or 1903 to justify us in putting £200 more expenditure into that house. And the fences—the original fences—were all matai. My experience of matai fencing is that after fourteen or fifteen years there is not very much of the original fence left; it all has to be redone, repaired or renewed. The evidence on the map shows that there are seven paddocks here, with subdivisions in each of them; and all have been created during the last eleven years, and the improvements give metes and bounds and measures. The expenditure on the fencing of that block could not have been less than £500 since 1903.

Mr. Blair: Before your son's return from Wellington, what portion of the block as a whole was being improved?

Mr. De Lautour: Of course, we were not improving the Government pieces; all our improvements were being made on the other portions of the block, and on other lands acquired by me or my sons since. May I say, without striking a false note in any way, that I have eight sons to provide for, which accounts for what might seem like land-greed in this matter. I seem to have a little more perhaps than I ought to have had, but there are eight of them. We had other country, and of course we were putting what money was available on the other country rather than on the Crown land, till we could make some arrangement.

Mr. W. D. S. MacDonald: I know this land pretty well, and I think I had better make a statement when the other witness has done.

Mr. W. C. KENSINGTON examined. (No. 2.)

Mr. W. C. Kensington: I should like the Committee to understand that I am not here in the position of a private witness for Mr. De Lautour, as I filled the position of departmental Under-Secretary for Lands at the time this transaction took place, and I think the Committee will get a very good idea if you will allow me to read a memo. I wrote to the Minister. This gives the whole position of the case before the interview with Mr. De Lautour's son.

The Chairman: Before you proceed, I should like to make it clear whether you are called by the Committee or by Mr. De Lautour.

Mr. Kensington: Oh, I was called by Mr. De Lautour, who asked me to give evidence as I did last year; but what I want the Committee to understand is that I am giving evidence as the head of the Department at that time. The letter is as follows:—

"Department of Lands and Survey, Wellington, 3rd February, 1903.—The Hon. the Minister of Lands.—Blocks 5 A1 and 6 B1, Whakaangi.—Mr. De Lautour, of Gisborne, has asked to be allowed to surrender the lease he holds from the original Native owners of 1,153 acres of the above-named blocks, which lease has still twelve years to run, the reason being that the fee-simple of the land has now been awarded to the Crown by the Native Land Court, burdened with his lease. One of the arguments he advances in support of his application is that out of the 1,153 acres there is still an area of 621 acres in bush, and unimproved, and he does not feel inclined to spend a further sum of £1,242 which would at least be required to improve that area under his present tenure. In the event of his being permitted to surrender, he asks that the land may be opened again for selection under the optional clauses of the Land Act, burdened with the value of his improvements. The Land Board have recommended that the application be granted. The Government Ranger has inspected the blocks for which Mr. De Lautour is paying an annual rent of £72 16s., and he finds that the area cultivated out of the 1,153 acres is 707 acres, which he values at £2 an acre, or a total for the grassed area of £1,414. He finds there is a dwellinghouse and outbuildings worth £325; that there are 375 chains of fencing; that there are yards and a concrete sheep-dip worth £40; and an orchard worth £20: being a total of £760 for the further improvements, or a total value of improvements on the 1,153 acres

affected of £2,174. The Ranger fixes the capital value at £1 5s. per acre. The adjacent Crown lands which were opened were offered at a capital value of £1 per acre. The recommendation of the Board, therefore, is that Mr. De Lautour be allowed to surrender his present lease of 1,153 acres, and that the land be reopened under the optional system at a capital value of £1 5s. per acre, loaded with the value of the present improvements—£2,174. The advantage to the Crown under this proposal will be that the Government will be able to insist that the whole of the remaining area shall be improved and the land properly held under the settlement conditions of the Land Act, 1892. Kindly say if you approve of the Land Board's recommendation. I am not aware of any similar case in which the lessee has been allowed to surrender his lease held from the original Native claimants, and then that the land shall be opened under the optional conditions of the Land Act, but there is nothing to prevent its being done in this case if you approve.—WM. C. KENSINGTON, Under-Secretary." That was my memorandum to the Minister. The Minister at that time was the Hon. Mr. Duncan, who sent it to Cabinet, and Cabinet, on the 5th February, 1903, declined the application. There the matter stood, and the Commissioner of Crown Lands, Napier, was informed of it. This was in February, 1903. Then there comes the matter Mr. De Lautour has referred to, which I can only speak of from my personal recollection. There is nothing on the papers. It was my personal recollection which I detailed to the Lands Committee last year. I think it must have been some little time after that, certainly six or seven months after, but it may not have been so long as that, when one of Mr. De Lautour's sons, who was on the land engaged in bushfelling and grassing it, came to Wellington, saw Mr. Duncan, and explained the matter to Mr. Duncan, and, I believe, did not get any satisfaction. I know he went then to Mr. Seddon, and Mr. Seddon sent for me, and said to me—Mr. Duncan was present at the time—that the lessees of a block near the East Coast, Whakaangi, wanted to go on cultivating the land and to be paid the value of their improvements, so that when it was opened under the optional system it could be offered burdened with the value of these improvements, and that the Land Board's proposal had been refused by Cabinet. He asked what did I think of it. I said there was no doubt about it that it would be infinitely better that the land should go on being improved, the bush felled, and the land grassed and brought into cultivation than that for the balance of the lease it should remain in its present unimproved condition. I think he said, "How would you get over it?" and I said that at the end of the term the land could be valued with the actual improvements, the lease offered burdened with the improvements, and the Land Board would then demand that the lessee pay for such improvements in cash when they took up the lease. As Mr. De Lautour pointed out, certain improvements are valued and loaded on the lands, and that amount has to be paid in cash. That is all that passed. Yes, there is one thing more. I then said to Mr. Seddon, "Of course, you must be aware that the Land Board would have no power to pay over these improvements to Mr. De Lautour. They will open the land burdened with these improvements, but the repayment to Mr. De Lautour would have to be voted by Parliament: it means it would have to appear in the estimates in the ordinary way, and be appropriated." That is, I think, the evidence given last year. I do not know exactly what Mr. Seddon said to Mr. De Lautour, but the impression left upon my mind is that Mr. Seddon must have told him something of what I said would be a very good course to pursue, because they then appear to have gone on with improvements. As I said last year, I was not present when Mr. Seddon saw Mr. De Lautour the second time. He told him to come back for his answer, but what he then told Mr. De Lautour I cannot say; but I think the fair inference is that he told him something of what I had suggested, because Mr. De Lautour's evidence is that they went on with the improvements. I think that is as far as my evidence went last year.

Mr. Blair: May I remind you that last year you said Mr. Seddon remarked, "Then I shall know what to tell them when they come in this afternoon."

Mr. Kensington: Yes, I missed that point. Mr. Seddon said the lessee was down to see him, and he said, "I shall know what to reply to him when he comes back this afternoon; he is coming back." But the point I want to emphasize is that I cannot say exactly what passed between them at the interview. I cannot think it would be presumptuous if I say that all through the Lands Act the method in the ordinary course is that a man should be paid for improvements—when a man's lease is surrendered his improvements are valued—and that generally the burden of the actual value of the improvements has to be borne by the incoming tenant. I do not know that I have anything more to say. Perhaps I might add that in this case the usual course has been followed—that the land has been opened for selection at its present capital value: that is, at the value Mr. De Lautour has given to a good deal of it by felling, burning, and grassing the land. Of course, there are two values in all these cases: the actual value, the extent to which the land has been increased in actual value by the improvements made on it by the tenant; then, of course, there is another increase in value—that is, the unimproved extra value that the land reaches in common with the land all round. Owing to farming or dairying, land may go up in value to a very large extent, and people may be willing to pay a much larger price for it than the actual value added to it by the improvements. Of course, that is so with all lands.

Mr. De Lautour: We make no claim to the value of improvements to the land through settlement.

1. *Mr. T. W. Rhodes:* Mr. Kensington, when the land was offered by the Crown it was actually loaded with the improvements effected by Mr. De Lautour?—The improvements mentioned here had to be paid for by the incoming tenant, and they were improvements which Mr. De Lautour or his sons had made.]

2. What we want to ascertain is whether the Crown received the benefit of the improvements made by Mr. De Lautour?—Certainly they have, because the land has very largely increased in capital value, and that value was obtained by clearing, felling, and grassing. Those were improvements made by Mr. De Lautour, and are mentioned in the Lands Department poster now before the Committee.

3. Is it usual in loading estates similar to this for the profit, or any portion of it, to be handed to the late tenant?—I do not quite see your point.

4. Is it usual to pay the ex-tenants for the improvements that have been made by them, or for the Crown to take advantage of the position?—You must remember that this was absolutely different

from any ordinary Crown land. It was held under a Native title when the tenant took up the lease; and the Crown then purchased the freehold. It is absolutely different from any Crown lease.

5. Put it in another way: If you had been asked for your advice at the time, would you have recommended any payment to be made to Mr. De Lautour?—I think I have given you the answer, but I now see your point. If the Minister of the day had agreed to accept surrender of the lease, and to open the land again under the optional system, under competition, it would have been burdened with the value of the improvements. I have said here in the memorandum just read that the value would have been £2,174. Or, better still, to take the memorandum of the Commissioner of Crown Lands on this very point. The Ranger's value of the land is £1 5s. per acre, which would have been loaded upon the land had this proposal been accepted. He finds that the area cultivated out of 1,153 acres was 707 acres, which he values at £2 per acre; the value of the improvements being £1,414. Then there is a dwellinghouse worth £325, outbuildings, fencing, yards, a concrete dip worth £40, and an orchard worth £20; the total value of improvements being £2,174 on the 1,153 acres. That was in 1903.

6. *Mr. Anderson.*] There is one question I want to ask. You have had a great number of these Native leases before you during your term of office?—Yes.

7. In any other case you know of have similar circumstances arisen to those detailed by Mr. De Lautour? No, I do not remember seeing a single other case of the kind. Nearly all the other cases in which the Crown has purchased were leases of forests, and the lessees were entitled to cut down the forests, and then the land came back to the Crown; they were simply timber-felling leases. There was no precedent for dealing with Mr. De Lautour's case. As stated in the memorandum, I could see no reason why it should not be done. We had not at that time any similar case.

8. With your long experience, would you say that the fact would be taken into consideration between the original lessor and the lessees in coming to terms? Would not the fact that there are no improvements to be paid for at the end of the lease be taken into consideration?—That is something I could not tell you. I have no means of answering.

9. I wish to know whether you knew of that practice?—That came up in later years. At that time a man leased a rough block of Native land, and the whole question was that he must improve it for his own benefit.

10. That is the point. So far as one can make out from the evidence the land would have been of no use at all unless it were improved?—None at all.

Mr. Blair: May I make a suggestion. At that time the Europeans were purchasing—they had the right to purchase—Maori lands; and after a man had got a lease he immediately set about acquiring the freehold. That was what was done in most cases. Mr. De Lautour purchased the rest of the holding as freehold.

Mr. Kensington: As Mr. Blair has explained, at that time when a European obtained a lease of Maori land he set to work to get the freehold.

Mr. C. A. DE LAUTOUR further examined.

1. *Mr. R. W. Smith.*] I should like to know what improvements have been effected since the interview with Mr. Seddon. I understand from Mr. Kensington that in 1903 the total improvements were £2,174. I should like to know what improvements have been effected since then, because I take it those are the improvements we have to consider here?—I have tried to make that clear in the evidence, but it is a little difficult. There is also a letter of mine to the Commissioner of Crown Lands, in which I fix the area then unimproved at 621 acres.

2. At that time?—Yes; that was in 1903, the date of that letter. Then, in addition to that, the balance which had been roughly improved by the first felling has been swept by second fires and resown, and the timber removed from it. I am quite unable to say what is fair compensation for converting the land after the first felling into profitable permanent grasses; it varies so much, according to the circumstances of the district.

3. Are we to understand that since 1903, in addition to going over that, you had felled and grassed 600 acres?—Yes, 621 acres since then. Then there are additions to the house, £200; and the fencing necessary to renew the first matai fencing put in in Murray and Bentley's time; and the subdivisional fences, which have made, as the Crown shows in its map, seven paddocks. I put that fencing at £500.

4. How late did you improve the fences?—They have been kept thoroughly good up to the date of giving up possession to the Crown.

5. The balance, you say, was swept by a second fire and resown?—I suppose during the dry season the bush-fires cleared it off. It was really a fire from a neighbour's. It is difficult to burn that country without injuring somebody.

6. Did you sow it wholly with grass-seed?—Yes, on that occasion. Then a lot of it was stumped, and every precaution was taken to clear the ground as well as we could.

7. Over what area was the sweep?—I could not say. I will go so far as to say we have made at least 500 acres of good permanent pasture, but I could not give the exact figures.

8. Just in conclusion, what improvements were paid for under the lease?—None at all. We have not been paid a shilling, and we admit we have no right to payment unless by arrangement we should be paid; but my point is that a compact was made in 1904. I have loyally fulfilled my part of that contract, and so I hope the Crown will fulfil theirs. Their own evidence shows what I have done. The map shows the improvements have been done as well as can be.

9. If it had not been for that compact you would not have gone on improving?—Certainly not.

10. *Mr. Statham.*] In the lease you bought from the Bank of Australasia, there was no provision at all for the valuation of improvements?—No; but we had the right of purchase.

11. An actual right of purchase?—Not under the lease, but under the law it was perfectly legal to acquire the interests of the Natives. There were two leases. The Crown's interest was acquired afterwards, and we had no knowledge of it even when I bought, because the Crown bought in a royal way. "Whakaangi" was a general term for that district. As it happened, the Crown and I

were purchasing against each other. I acquired the rest, and they cut the heart and centre of my property. I am left without the homestead and without compensation of any kind.

12. Up to 1903, when the improvements were valued at £2,174, you had no claim for these improvements either against the Natives or the Crown?—No claim whatever.

13. So I understand you to base your claim really on the improvements effected since 1903?—I think that is my true equity. I do not know of any other case where the Crown knowingly or willingly deprived the tenant of his right of completing his freehold.

14. Of course, when you speak of the right to complete the freehold, you mean?—The right given by law.

15. But that was a matter for subsequent bargaining with the Natives?—Of course. It does not give the pre-emption; but in the early days the pioneers going into such districts were entitled to consideration.

16. You did not look forward to getting it from the Natives at the original value?—The freehold on the East Coast cost the Crown about 8s. an acre; we gave from £1 to £1 10s. for it.

17. One question in conclusion: You said you did not want to say what your son said on his return after the interview with Mr. Seddon; will you not tell the Committee whether or not your son understood Mr. Seddon had agreed to the arrangement suggested by Mr. Kensington?—What I understood was that we were assured that our improvements would be protected.

18. Did your son tell you that Mr. Seddon had agreed to the improvements?—I cannot say, but he said he was assured that the improvements would be protected. My impression was that he dealt with Mr. Kensington.

19. You feel satisfied your son did come to an understanding with the Government that if you went on with your improvements you would be ultimately compensated for them?—Yes, that was so.

20. *The Hon. Mr. Buddo.*] There is just one point I do not seem to have exactly got clearly, though in various ways it has been referred to. You make a distinct claim against the Crown. Would you kindly state from what date that claim should start, as to the improvements effected: what year—you need not trouble as to the month?—It is 1903; that is clear. My first attention to the matter was in 1902, but it was in 1903 that the Waste Land Board's recommendation reached Mr. Kensington. Mr. Kensington's minute upon that gives the date, I think.

21. And you claim that the Crown should recompense you for all improvements made upon the property subsequent to that date?—Certainly. We had other outlets for expenditure: we had a Crown lease, occupation with right of purchase, which was not then fully improved, and we had a grazing-run farther up the country that was also not fully improved; and we were devoting our resources to the development of these blocks, naturally, until we should come to some arrangement with the Crown.

Mr. W. C. KENSINGTON further examined.

1. *The Hon. Mr. Buddo.*] You have had a large experience of the acquisition of blocks of land that have been milled out?—Land acquired from the Native owners after it has been milled, yes.

2. Cannot you think of a similar case to Mr. De Lautour's in your long experience?—No.

3. Not in the region of Dannevirke, where some compensation was paid?—You see, they are different cases. I know exactly what you refer to—the cases of land that was purchased from the Natives within the last few years—two or three years. There are not many cases. Improvements were paid for on Dannevirke blocks by the higher price paid by the Crown when purchasing.

4. But they do not stand exactly in the same position as Mr. De Lautour?—No; they were purchases made from the Crown at the time the negotiations commenced.

5. One more question: In your private opinion, is Mr. De Lautour entitled—not legally, but equitably—to be compensated for the improvements made from 1904 to the end of the lease?

Mr. Kensington: Before answering, I would like to ask Mr. De Lautour a question before the Committee. Mr. De Lautour, in your evidence you said you left off improving this land; at least, I judged you said you left off improving until your son's visit to Wellington—improving the portion purchased by the Crown?

Mr. De Lautour: Yes.

Mr. Kensington: Directly your son came back, did you then start again improving the portion of the land purchased by the Crown?

Mr. De Lautour: Of course, it is difficult to fix dates when specific bush contracts are let; but in substance, just as circumstances permitted, consistent with the existing contracts, we went on and improved it.

Mr. Kensington: You went on and improved that portion?

Mr. De Lautour: Yes; it was in our interests to do so.

Mr. Kensington: There is the whole point. If on your son's return you improved that portion of the freehold which the Crown acquired, naturally one would say you had been informed that you would be paid for the improvements. I may be putting you in an awkward position, but what I mean is this: was this portion owned by the Crown, when taken over by the Land Board, all improved by you?

Mr. De Lautour: Yes, every bit of it.

Mr. Kensington: Then I can answer Mr. Buddo's question. Except that 60 acres, I think Mr. De Lautour is entitled to be paid for the ordinary improvements made since then.

Mr. Blair: There was one member of the Committee asking about the present benefit the Crown secured. The position is on record. The Crown purchased this property some years ago for £472. They got 15 or 20 per cent. on that money in rent to the expiry of Mr. De Lautour's lease, when they received from the incoming tenant £390, which left the net cost of the land to the Crown at £82; and for that expenditure of £82 they are now getting a rental of £714 a year. That is the position at the present day.

MR. W. D. S. MACDONALD made a statement. (No. 3.)

Mr. W. D. S. MacDonald: I should like to say, Mr. Chairman, that I first became acquainted with this block of land in 1897. I had then been manager for the Bank of New Zealand over all their properties in the Gisborne district. I went up to see the block of land with a view to purchasing it, and it was offered to me at the same price that Mr. De Lautour paid for it—£1,100. But at that time, with all my knowledge and experience of sheep-farming and of breaking in country, I did not think it was a good proposition. The place was 120 miles from Gisborne, and all the stock had to be driven that 120 miles, and if there was surplus stock they had to be driven back 120 miles. You must see that this was a very difficult position. But what I would like to deal with more particularly is the tenure of the land. Those who have had acquaintance with dealings in Native lands must know that the legislation in 1898, or prior to that when the original lease commenced, was very different from what it is to-day. It was very difficult to get a second term of a lease—that is, a second term of twenty-one years—or any lease with compensation for improvements. Leases were then mostly 21-year leases without right of renewal. But as against that, as Mr. De Lautour has pointed out, there was the privilege of purchasing the freehold from the Natives, and I understand that was the inducement. Instead of looking forward to compensation, or to any further renewal of the lease, in those days tenants looked forward to purchase the property. At any rate, that was the reasonable aim of the lessees. I know that after Mr. De Lautour had secured the lease of Whakaangi he began purchasing, and the Government also began purchasing, in the block. It is a large area of country, and the Government purchased to the extent of 1,164 acres, which precluded the tenant from completing the purchase of this holding; so that in my opinion the tenant in that case has a very good claim for compensation. The portion purchased by the Crown was located in the frontage, and without breaking in that portion it was difficult to get at other portions of the land that was leased. I travelled through this country three years ago, and certainly it has been very greatly improved—is well fenced, and is carrying splendid stock. The land is carrying two and a half sheep per acre in winter, which is proof the land has been in good occupation. My idea of the whole position is this: that when the Crown prevented the tenant acquiring the freehold, then the only honest thing to have done would have been to offer the lessee a renewal of the lease for a second term. I think anybody who has been engaged in sheep-farming will recollect that in 1898 and 1899, and on to 1904 at least, there was practically no profit from sheep-farming. It has only been during the last five or six years, from 1910 to 1914, that the sheep-farmers in our district have been making sheep-farming a paying proposition; so that just when this land was brought into a state of production, and sheep-farming became a profitable occupation, the Crown stepped in and secured the land which they originally purchased at 8s. an acre, and offered the lease at about 12s. 9d. an acre. I want to say that so far as Mr. De Lautour's family is concerned they commenced sheep-farming in country very remote from settlement: they were practically pioneers. Although land was eagerly sought for in other more accessible districts, when the Government threw open for selection their purchases in Whakaangi few applications were put in for them, owing to their remoteness from settlement and the great difficulty of getting to and from these places—people would not readily face the proposition of going into these remote parts of the country. My own opinion of the case is that just when the lessee was going to get compensation for his long years of pioneer work the Government stepped in and took over their purchase of this 1,100 acres, which included the homestead; in my opinion, the fair and reasonable thing for the State to do is to compensate the tenant, Mr. De Lautour. I think that should be done. I am quite willing to answer any questions. I do not think I need say anything more.

APPENDIX.

[Letter from Under-Secretary, Department of Lands and Survey, Wellington, see "Departmental Report," p. 3].

Petition No. 68/14—Cecil A. de Lautour.

SIR,—

3rd September, 1914.

Referring to your letter of the 17th ultimo, I have the honour to inform you that the land referred to in the petition of Mr. C. A. de Lautour was known as Whakaangi Blocks 5A and 5B, containing 2,622 acres, and leased by the Native owners to Samuel Bentley and John Murray for twenty-one years from the 1st April, 1893, at a rent of 1s. per acre for the first seven years, 1s. 3d. for the second seven years, and 1s. 6d. per acre for the third seven years. The lease did not provide for the payment of compensation for improvements. It was transferred on sale by default from the Registrar of the Supreme Court to the Bank of Australasia on the 17th November, 1896, and Mr. De Lautour took it over on the 21st May, 1898. 1,164 acres 3 roods 1 perch was purchased by the Government and proclaimed Crown land in *Gazette* on the 4th August, 1898, page 1254. Mr. De Lautour's lease expired on the 31st March, 1914, and the land was open for selection and disposed of in two sections on the optional system on the 21st April, 1914. Messrs. De Lautour, Barker, and Co., on behalf of the late lessee, made application to the Hawke's Bay Land Board in April last to be allowed compensation

for improvements effected, but the application was declined by the Land Board. There is no record in this office of the petitioner being informed that improvements were always allowed to tenants on the expiration of their leases. Mr. De Lautour, on the 18th April, 1902, applied to surrender his lease and have the land reoffered for selection weighted with the value of his improvements, but his application was declined by the Government.

The petition is returned herewith, together with the report furnished to you by the Under-Secretary, Native Department.

I have, &c.,

F. T. O'NEILL,

Assistant Under-Secretary.

The Chairman, Native Affairs Committee, Wellington.

REPORT FROM COMMISSIONER OF CROWN LANDS, NAPIER, TO THE UNDER-SECRETARY FOR LANDS, WELLINGTON, DATED THE 27TH AUGUST, 1914.

Petition of C. A. de Lautour for Compensation for Value of Improvements.

IN reply to your letter of the 21st instant forwarding petition received from Mr. C. A. de Lautour, which I return herewith, I have the honour to report that the land referred to was known as Whakangi Blocks 5A and 5B, containing 2,262 acres, and leased by the Native owners to Samuel Bentley and John Murray for a term of twenty-one years as from the 1st April, 1893, at an annual rental of 1s. per acre for the first seven years, 1s. 3d. per acre for the second term of seven years, and 1s. 6d. per acre for the third term of seven years. There is no mention as to compensation for improvements at the expiration of the lease. The lease was transferred on sale by default from the Registrar, Supreme Court, to the Bank of Australasia on the 17th November, 1896, and Mr. Cecil Albert de Lautour took it over on the 21st May, 1898. The Government purchased an area of 1,164 acres 3 roods 1 perch, which was duly gazetted on the 4th August, 1898, page 1254, and the rent commenced as from the 24th October, 1897.

The lease expired on the 31st March, 1914, and the land was offered for selection in two sections, under the optional system, on the 21st April, 1914, as per poster No. 312.

The value of improvements effected by the late lessee, according to the Crown Lands Ranger's report, amount to £3,732 10s., made up as follows:—

Subdivision 3 (about 521 acres),—

	£	s.	d.
Fencing—334 chains (approximate) at £60 per mile	250	10	0
Felling and grassing—355 acres at £2 10s. per acre	887	10	0
Felling and grassing and clearing—150 acres at £3 per acre	450	0	0
Sheep-dip, draining-pens, mixer, and yards	75	0	0
House (nine rooms), wash-house, and dairy	350	0	0
Men's whare	25	0	0
Loose-box	15	0	0
Orchard	20	0	0
	<u>£2,073</u>	<u>0</u>	<u>0</u>

Subdivision 4 (about 661 acres),—

Fencing—236 chains (approximate) at £60 per mile	177	0	0
Felling and grassing—563 acres at £2 10s. per acre	1,407	10	0
Felling and grassing and clearing—25 acres at £3 per acre	75	0	0
	<u>£1,659</u>	<u>10</u>	<u>0</u>

The only improvements paid for in cash when the sections were offered for selection were—nine-roomed house, wash-house, dairy, and men's whare and outbuildings, to the total value of £390. The balance of improvements is included in the capital value, and the present lessees are paying rent on same.

Messrs. De Lautour, Barker, and Co., on behalf of the late lessee, made application to the Land Board on the 3rd April last to be allowed compensation for improvements effected, but the Board declined the application.

There is no record in this Department that the petitioner was ever informed that improvements were always allowed to the tenants on expiration of lease. He applied on the 18th April, 1902, to surrender his lease and have the land offered for selection loaded with the valuation of his improvements. The Land Board on the 19th April decided to recommend that the Hon. the Minister of Lands approve the same. The matter was laid before Cabinet, but it was decided to decline the same, as per your letter of the 7th February, 1903 (L. & S. 40477).

W. H. SKINNER,

Commissioner of Crown Lands,

MEMORANDUM OF LEASE.

WE, the persons whose names are subscribed in the first column of the schedule hereto, being registered as the proprietors of an estate in fee-simple, subject, however, to such encumbrances, liens, and interests as are notified by memorandum underwritten or endorsed hereon, in that piece of land situate in the district of Waiapu, County of Waiapu, in the Provincial District of Auckland, containing two thousand two hundred and sixty-two acres, be the same a little more or less, as the same is shown and delineated in the plan thereof drawn hereon, edged red, being that block of land called or known as Whakaangi No. 5 (A and B), comprised and referred to in an order of the Native Land Court dated the , do hereby lease to Samuel Bentley, of Mahia, John Murray, of Napier, settlers, all the said land, to be held by them the said lessees as tenants for the space of twenty-one years from the first day of April, one thousand eight hundred and ninety-three, at the yearly rental of one shilling per acre for the first term of seven years, one shilling and threepence per acre for the second term of seven years, and one shilling and sixpence for the last term of seven years, subject to the following covenants, conditions, and restrictions:—

1. The rent shall be paid individually to the lessors the first year in advance, the receipt whereof is hereby acknowledged.

2. If the rent is three months in arrears after proper demand the lessors shall have the right to re-enter upon the land hereby leased.

3. The lessees shall pay all survey-costs, and deduct the same from rents of the second and third years till paid off.

TRANSFERRED from Samuel Bentley and John Murray to Bank of Australasia, 17th November, 1896.

TRANSFERRED from Bank of Australasia to Cecil Albert de Lautour, solicitor, Gisborne, 21st day of May, 1898.

HAWKE'S BAY LAND DISTRICT.—No. 312.

Rural Lands for Selection on the Optional System.

(1,182 Acres.)

NOTICE is hereby given that the undermentioned lands are open for sale or selection, in terms of the Land Act, 1908, and its amendments, either for cash, for occupation with right of purchase, or for renewable lease, at the option of the applicant, and applications will be received at the District Lands and Survey Office, Napier, and at the local Lands and Survey Office, Gisborne, up to 4 o'clock p.m., on Wednesday, the 22nd April, 1914.

The ballot for the sections for which there is more than one applicant will be held at the local Lands and Survey Office, Gisborne, on Friday, the 24th April, 1914, at 2.30 o'clock p.m.

Preference will be given to landless applicants who have children dependent on them or who have within the preceding two years applied for land at least twice unsuccessfully.

Areas are subject to alteration on survey.

PART WHAKAANGIANGI BLOCK.—WAIAPU COUNTY.—MANGAOPORO SURVEY DISTRICT.

First-class Land.

Section.	Block.	Area.			Cash Purchase : Total Price.		Occupation with Right of Purchase : Half-yearly Rent.		Renewable Lease : Half-yearly Rent.	
		A.	R.	P.	£	s. d.	£	s. d.	£	s. d.
3	IV	521	0	0	6,500	0 0	162	10 0	130	0 0
Weighted with £390, valuation for improvements.										
4	IV	661	0	0	7,780	0 0	194	10 0	155	12 0

IMPROVEMENTS.

The improvements included in the capital values are as follows:—

Section 3.—334 chains of fencing, and sheep-dip, draining-pens, mixer, and yards, of a total value of £325 10s.

Section 4.—236 chains of fencing, valued at £177.

The improvements which are not included in the capital value, but which must be paid for in cash, consist of:—

Section 3.—Nine-roomed house, wash-house, dairy, men's whare, and loose-box, the whole valued at £390.

DESCRIPTIONS.

Section 3.—Originally all covered with heavy mixed bush, but has all been felled, cleared, and laid down in the best English grasses; good soil, resting on papa and marly clay subsoil; land lies well, and general aspect is good; comprises partly flat and undulating land and partly easy slopes. Situated on the Taurangakautuku River, about nine miles from Te Araroa Township.

Section 4.—Originally covered with heavy mixed bush, but has all been cleared and sown with best mixed English grasses, with exception of about 60 acres still remaining in bush, which gives good shelter for stock; good soil, resting on papa and marly clay subsoil; land lies well, and general aspect is good. The section comprises partly flat land and hill country. Situated on the Taurangakautuku River, about nine miles from the Te Araroa Township by a good full-width dray-road.

DEPARTMENT OF LANDS AND SURVEY.—RANGER'S REPORT ON LAND IN POVERTY BAY DISTRICT AS ON THE 22ND DECEMBER, 1902.

Name of Selector.	Tenure.	Section.	Block.	District.	Area and Class.			How far complied with.			Other Improvements.		Date when Residence commenced or Non-resident.					
								Annual Rent.	Area cultivated.	Value per Acre.	Value of Improvements.	Nature or Extent.		Value.				
C. A. de Lautour	Misc. lease	4	18	Manga-poro	A.	R.	P.	£	s.	d.	707	40s.	£	1,414	760	Dwellinghouse Outbuildings .. 375 chains fencing Yards and concrete dip Orchard ..	£ 225 100 375 40 20	Son resides.
					1,153	0	0	72	16	0				2,174	760			

R. S. MCKERROW,
Crown Lands Ranger.

Whakaangi Lease—De Lautour.

DEAR SIR,—

Gisborne, 19th January, 1903.

When recently in Wellington you were good enough to inform me the question of the surrender of this lease had been referred to the Hon. Mr. Carroll.

The matter was again before the Board at Gisborne about two days ago, when the Ranger's report was received and approved, but it appeared that nothing further could be done in the absence of instructions from Wellington.

I should be glad if the matter could be advanced, as further improvements are stopped in the meantime.

The Secretary of Crown Lands, Wellington.

I have, &c.,

C. A. DE LAUTOUR.

DEAR SIR,—

Gisborne, 27th January, 1903.

I have had an opportunity of seeing my son and talking over with him the position of the cape.

Some time ago I applied to the Waste Lands Board to allow me to surrender the Native lease over the portion of 1,164 acres which now belonged to the Crown, the land to be valued for improvements, and to be offered under the Land Act loaded with improvements for twenty-one years, occupation license, with right of purchase after ten years. The grounds for application were that the Crown had bought over the tenant's head by mistake, and had only paid a nominal sum as for unimproved Native land. The Board ceded what was asked, but the matter had to go through the ordinary channels at Wellington. I was told that there was no objection, but that the papers had been referred to the district member, who had not returned them. Since then the improvements have been valued at £2,174, which valuation I have agreed to, and the Board has approved. I hope the matter will be advanced shortly. I mention this because if you advance us to pay off the bank you will be almost immediately asked to consent, as mortgagee, to the surrender. Your security in the interval would be the valuation-money, which must be paid by any one else who competed successfully at the ballot-box for the section and the balance of the leasehold. In fact, with the loading put on it is not likely that any one will interfere. The price of the fee-simple is fixed at £1 5s. per acre. We tried to get it down to £1, but the Ranger adhered to his value and the Board had to support it. This will place the rental at 1s. 3d., which is what we are now paying.

I should like to borrow £2,000—£1,000 to pay off the bank and the balance to improve 500 acres, the balance of the principal blocks. If you could lend this money it would perhaps be better to allow me first to effect the exchange of the title to the Crown lease. The bank will not, I think, put any difficulty in the way. You will see that our position with a good twenty-one years Crown lease with full right to improvements will be much better than it was with the balance of twelve years of old Native lease.

My son is now carrying 4,500 sheep and lambs and about 100 head of cattle. He thinks the cattle should be strengthened and the sheep be still allowed to increase.

I would have been glad if he could have gone down to see you, but he has so much to do owing to the bush fire having damaged fences and made it necessary to hold the fern that he would only give me one day.

John Duncan, Esq., Wanganui.

I have, &c.,

C. A. DE LAUTOUR.

SIR,—

Department of Lands and Survey, Wellington, 23rd February, 1903.

I have the honour to acknowledge the receipt of your letter of the 19th instant in reference to the question of the surrender of the Whakaangi lease. In reply I have to inform you that the matter has again been under the consideration of the Hon. the Minister of Lands, and at his request the Commissioner of Crown Lands has been instructed to furnish evidence of the present value of the land, and of how the amount of £2,174, value of improvements, is made up. As soon as that information comes to hand the Minister will be able to arrive at a final decision.

I have, &c.,

C. de Lautour, Esq., Gisborne.

WM. C. KENSINGTON, Under-Secretary.

Blocks 5A1 and 5B1 Whakaangi.

The Commissioner of Crown Lands, Napier.

23rd January, 1903.

IN reply to your memo. 2227/13, of the 16th instant, I have to inform you that the matter has again been placed before the Hon. the Minister, and he wishes you to obtain a statement from the Ranger as to why the capital value should be fixed at only £1 5s. per acre when you propose to allow the section to be burdened with improvements to the value of £2,174.

Before coming to a final decision the Minister would be glad of the following information: (a.) Evidence as to the capital value of the land; (b) as to how the £2,174 value of improvements is made up.

So soon as this information comes to hand the Minister's decision will be given. Possibly it might be as well for you to consider whether it would not be advisable to open the land as a small grazing-run rather than under the optional clauses of the Land Act.

WM. C. KENSINGTON, Under-Secretary.

DEAR SIR,—

Gisborne, 18th April, 1902.

I desire to bring before you for your consideration and the consideration of the Waste Lands Board the circumstances of my lease at Whakaangi.

The leases of the whole of Whakaangi No. 5A and No. 5B were originally obtained from the Natives by my predecessors in title, Messrs. Murray and Bentley. Subsequently to their acquisition of leasehold title the Crown was purchasing Native lands in Waiapu district, and, as I am informed, through inadvertence some shares were acquired in Blocks 5A and 5B, the Crown paying the unimproved value only (a few shillings per acre) to the Native vendors. I am confirmed in my information that the Crown's purchase in these blocks was not intended, because in no other case that I am aware of did the Crown ever authorize negotiations of purchase in blocks held by Europeans under existing valid leasehold titles.

The leaseholds of 5A and 5B became vested in the Bank of Australasia, and I subsequently purchased from the bank, giving £1,000 for the value of the improvements, there being no other goodwill in the leases at that time.

The Crown cut out its interests as purchaser from some of the Native owners, and was awarded 51 acres 1 rood 7 perches, being 5D, as its interest in 5B Block, the portion to the non-sellers, 484 acres, being denoted as 5B2. It was also awarded 513 acres 1 rood 34 perches denoted as 5A1, being the shares of the vendors in the 5A Block, the balance of the block, 605 acres, being awarded to the non-sellers. The locations in all other orders were subject to the original leases over 5A and 5B.

At the time of my purchase from the bank the law permitted purchases of the fee-simple from the Natives in the two blocks, and but for the intervention of the Crown I have no doubt that I should have been able to acquire the fee-simple of the greater part of the block and protected myself as to the considerable sum I had paid for improvements.

I am sure you will appreciate the fact that the Crown has not purchased my improvements, and yet at the expiration of the balance of the term, about twelve years, under the original Native lease these improvements will fall to it, although it has given no value for them and will not give such value.

It seems to me that there are two courses open to me: First, to wait for the expiration of the term and then trust that my equity to the improvements would be recognized in the new term of years then to be offered to the public; second, to ask the Board now to permit me to surrender the portions of the two leases which the Crown has acquired the fee-simple of, and in offering new leases of years to the public to protect me as to my present improvements which I have either bought from the bank or created since by further heavy expenditures. I respectfully urge that the second course may be permitted, for this reason: that upon 5A1, out of 1,153 acres, there are still 621 acres in bush unimproved. I do not think I ought to be asked to expend a further sum of £1,242, which at least would be needed to improve that area on my present tenure. Yet if I do not so improve it I shall be paying rent for twelve years on land which will produce me nothing. I therefore hope you will see your way to recommend that the portions of the two blocks may be permitted to be surrendered loaded with improvements, and that the block as a whole may be again offered for lease under the system of occupation with right of purchase on the same terms as leases recently offered to the public in the same district.

I have, &c.,

The Commissioner of Crown Lands, Gisborne.

C. A. DE LAUTOUR.

LETTER FROM DEPARTMENT OF LANDS AND SURVEY, NAPIER.

Blocks 5A1 and 5B1, Whakaangi.

The Surveyor-General, Wellington.

28th May, 1902.

REFERRING to your memo., No. 40/477, of the 15th instant, I have the honour to inform you that the circumstances under which the land came to be Crown land were peculiar, as stated in Mr. De Lautour's letter attached to my memo. No. 477/84.

Mr. De Lautour under his present lease has no improvement clause, so, as stated in his letter, with only twelve years of his lease to run he is in a very awkward position: we can hold him to his lease and so gain the advantage of his improvements; but the Board when making its recommendation considered that it would, under the circumstances, be a fair thing to allow him to surrender and to then throw the land open for selection burdened with the value of his improvements.

I cannot quote any precedent of the surrender of similar land, for we have not had any similar leases, but in the case of Crown tenants holding pastoral runs they have been allowed to surrender them and have them put up as small grazing-runs burdened with the value of their improvements; by doing so they are put in a much better position, and their case is much the same as the one under consideration, only that Mr. De Lautour holds under an ordinary lease.

I attach lithograph showing tenure of surrounding land, as instructed.

ERIC C. GOLD SMITH,
Commissioner of Crown Lands.

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