

The large woolshed and dip might, as has been suggested by Mr. F. S. Smith, be reserved for the common use of the settlers. The roads and bridges, some of the plantations, the slip and its accessories, and the rabbit-fencing on the western boundary, should be treated as a liability common to the settlers as a body.

It is proposed that the estate should be subdivided so as to insure the establishment of settlement in all its phases, and as best adapted to the situation, character of the country, and policy of the Government. Townships would probably be required near the port, and in a central position, such as the homestead site. The arable and semi-agricultural lands, comprising 30,320 acres, after provision has been made for the projected railway, roads, and reserves for all necessary public purposes, would be cut up into town, suburban, village, and small-farm settlements, and agricultural farms.

The hill lands, east and west, would be laid off in comparatively large areas so as to establish a number of holders with the necessary capital to enable them to profitably work lands of that class, and to afford employment to the small holders. Attention should be given to securing the settlement of bodies of men who would give their attention to dairy-farming, fruit-culture, and other special lines of production which may be considered by experts to hold out reasonable inducements and prospects of success.

The settlement of the whole area in the ordinary manner might be effected somewhat as follows:—

Seaward Range ...	11,450 acres,	might be subdivided into	10 holdings of 500 to 2,000 acres.
Port Hills ...	8,174 "	"	20 " 365 acres.
	Town ...	"	100 "
	Village lots ...	"	10 holdings of 50 "
Watt and Tormore	21,210 acres,	might be divided into	20 " 500 to 2,000 acres.
Benmore ...	12,450 "	"	20 " 400 " 2,000 "
	Town ...	"	250 acres.
Central Plain ...	30,320 acres:	Small Farms ...	50 holdings of 100 "
		Village settlements	25 " 100 "
		Agricultural farms	110 " 200 "
			265
Total number of holdings		...	265

Exclusive of residents on the proposed townships at the Port and the Homestead Flats, about 265 settlers, say, 1,000 souls, might be located under the above scheme. If the industrial farm is inaugurated the number would be much larger.

Much thought and attention would have to be given to the method of settlement most likely to be conducive to prosperity and success. A large number of small holders might be crowded upon the lands with the contingency that they would not succeed. If, on the other hand, men of means, labourers, and experts in particular lines of farming and culture, are located on areas and classes of land favourable to their special requirements, there should be no fear as to the result.

It is manifest that prosperous settlement cannot be secured unless reasonable facilities are afforded for transport of material and produce. The principal or main and district roads alone would cost about £26,000, and the surveys about £4,000. A large margin must be provided for contingent expenses and interest on the capital value, items which cannot be examined until the necessary conditions have been determined.

Attached is a plan to illustrate this report.

I have to record my obligations to Mr. F. Stephenson Smith, who accompanied me throughout, and with whom I discussed the varied aspects of the case.

J. W. A. MARCHANT,  
Commissioner of Crown Lands and Chief Surveyor, Christchurch.

## No. 6.

The COMMISSIONER of TAXES to the SURVEYOR-GENERAL.

Wellington, 18th November, 1892.

WILL you have the goodness to ask Mr. Smith, District Surveyor, to forward, by telegram, a short report on the Cheviot Hills Estate, giving his opinion as to its value, and also as to the correctness, or otherwise, of our assessment, which is £304,826 for the whole property, including the value of all improvements.

The Surveyor-General.

C. M. CROMBIE, Commissioner.

## No. 7.

The COMMISSIONER of TAXES to Mr. J. W. A. MARCHANT.

(Telegram.)

18th November, 1892.

I LEARN that the Premier considers your report hostile to the assessment of the Cheviot Hills Estate, and that valuation should be reduced. Please telegraph to me stating whether this is the correct interpretation of your report. You appear to me to have made your report somewhat ambiguous by the sentences on the sixth page, commencing, "It is, however, questionable," and "It is needless to enlarge upon self-evident difficulties," &c. You seem under the belief that the property, if taken over, would be taken over by the Land-tax Department and sold by it. Of course, you are mistaken in this. The Act clearly lays down that the property is to be taken over by the Government, and conveyed to Her Majesty, and sold and disposed of in such a manner as the Governor in Council may direct. I should be glad to have a clear and definite reply, stating, without ambiguity—First, whether you consider the assessment a fair one, and that the property is