

lands acquired under the Land for Settlements Act, one of the three following options:—

- (a.) To retain the tenure as it stands.
- (b.) To purchase the freehold (within a period of two years) at a price equal to the original valuation plus one half of the difference between that value and the unimproved value at the date of exercising the option.
- (c.) To purchase the freehold at the original valuation subject to five recurring charges in favour of the Crown, the first equivalent to one-tenth of the increase in the unimproved value between the date of the lease and the expiration of the first period of thirty-three years, and each thereafter equivalent to one-tenth of the increase in unimproved value between the expiration of each succeeding and each immediately preceding period of thirty-three years. The land to become an absolutely uncharged freehold at the end of 165 years from the date of the lease.

The purchase-money for the freehold may be either in one cash-payment or by an instalment of 25 per cent., and by the payment of the balance, with interest at 4 per cent., on the instalment system prevailing under the Advances to Settlers Acts, over a period of thirty-three years, with the right to pay off in whole or in part at any time.

These charges will create no personal liability on the part of the owner, but will be a charge upon the land only, and be payable either in cash or at the owner's option by instalments over each succeeding period of thirty-three years, with interest added at £4 per cent.

RENEWABLE LEASES OF ORDINARY CROWN LANDS.

Next, with regard to the tenants under the renewable-lease system of ordinary Crown lands. Under this system the lessee obtains a right of perpetual lease subject to recurring valuations every sixty-six years, upon which valuation the new rental is based. Here there is secured to the State practically the whole of the increase of the unimproved value in the form of rent at each renewal.

The problem before me has been to contrive a system under which the freehold might be given to these existing leaseholders, while securing not only the conditions as to area and occupation, but also securing to the State some reasonable portion of that unimproved value which is already secured by the means I have indicated under the present system. In my opinion the following scheme presents a fair equivalent from the point of view both of the tenant and the State. The freehold is to be given to these lessees at the original value subject to recurring charge every thirty-three years, equivalent to one-fifth of the increase in the unimproved value found to have taken place between these periods. Such a system, while it secures to the State some portion of the unimproved value rightly belonging to the State, leaves the greater portion of that unimproved value to the tenant in fee-simple, affording an ample margin in his favour to give him the fullest encouragement. The purchase-money payable for the freehold in these cases may be paid as in the case above outlined of the purchase of lands now held under lease in perpetuity.

RENEWABLE LEASES OF LAND-FOR-SETTLEMENT LANDS.

Next as regards the renewable leases of land-for-settlement lands. These tenants have now the right to a perpetual lease, with recurring valuations every thirty-three years, the term being half only of the term of the renewable lease of ordinary Crown lands. It will be remembered, further, that these lands acquired under the Land for Settlements Act were in most cases more or less highly improved and ready for settlement, and much more fully furnished than the ordinary Crown lands with the means of communication and all the other facilities of civilisation. In connection with