

tlement. Selectors who took up virgin land were advanced the cost of converting forest into grass land or alternatively the land might be first cleared at Government expense and then balloted for among the applicants. Another Act of some interest passed in those years was the Bush and Swamp Lands Act, 1903, which gave relief from rates and rents to persons who took up bush and swamp lands. With only inaccessible and poorer lands now remaining, it was necessary to afford some measure of financial assistance to enable selectors to bring these lands into production.

But the problem of finding land or settlers was met not only by facilitating settlement in the backblocks; it was met in addition by the compulsory repurchase of freehold estates (i). The first move in this connection was the Lands for Settlement Act, 1892, but it was not until 1894 that the Government assumed the right of compulsory repurchase, paying compensation to the owners at a rate assessed by the Compensation Court. Land might be taken from any holding exceeding a statutory maximum area. After 1909 this maximum was 400 acres of first-class land, 1,000 acres of second-class, and 2,500 acres of third-class land. Near the main centres these limits were considerably reduced. Until 1907 the lands so acquired were disposed of on Lease in Perpetuity at an annual rental of 5 per cent. on the capital costs of acquisition, development, and subdivision, or in the case of pastoral lands on the Small Grazing Run Lease, but after 1907 the Renewable Lease with terms of 33 years and a maximum rental of 4½ per cent. per annum was substituted for both. Preference at ballots was to be given to landless applicants, and, excepting pastoral lands, no allotment was to exceed 320 acres and only one such might be held.

The efforts of what was now the Seddon Ministry to assist settlers did not end with the operations of the Land for Settlement Acts. In 1894 the Advances to Settlers Act offered loans of from £25 to £2,500 to farmers by way of mortgage on land and bill of sale over chattels from a State lending agency. This was the start of the State Advances Corporation. The costs of improving pastures and maintaining soil fertility in addition to acquiring land and livestock could no longer be met without capital assistance.

But in order to establish an independent class of small farmers on the land, both New Zealand and overseas experience in new countries stresses

(i) In addition Ballance introduced a graduated land tax in 1891 and, except for the years 1931-36, graduated taxation of unimproved values has remained a feature of the fiscal system ever since. The present basic rate is 1d. in the £, rising by 1-8000th d. for every £1 in excess of £500, with a maximum of 6d. in the £. There is some exemption for properties valued under £2,500.

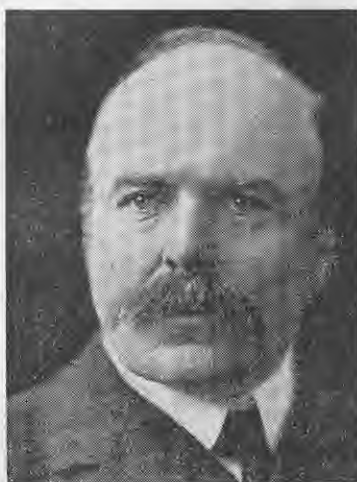
the importance of preventing or hindering land speculation and of placing hindrances in the way of the speculator. This undercurrent runs through much of the legislation of this period. Accordingly improvement conditions were applied to all Crown lands, including those sold for cash. Cash lands had to be improved to the extent of £1 per acre for first-class lands and 10s. per acre for second-class lands within 7 years. Residence for periods up to 10 years was required on Crown leases and continuous residence in the case of Settlement lands. Gradually it became a condition attached to leases that those who disposed of

leases of up to 1,000 acres for pastoral purposes at low minimum rentals.

By 1911, due to an expansion of four million acres on freehold and over four and a-half million acres of State leasehold, including Pastoral Licence, the occupied area of the Dominion was much as it is today. The expansion of the freehold area occurred almost entirely in the North Island, where it has always been the most important tenure. From this time on the interest passes from the extension of the boundaries of settlement to the more intensive working of those areas already in occupation, associated with the rapid expansion of the dairy and meat trade.

MINISTER of Lands in 1906-08, the Hon. Robert McNab was the author of the modern Renewable Lease, which replaced the Lease in Perpetuity and which, unlike the latter, allowed for

THE EXPANSION OF THE MEAT AND DAIRY INDUSTRIES AND THE MECHANISATION OF FARMING: 1912-1935.



HON. ROBERT McNAB.

revaluation, thus securing to the Crown future unearned increment. This lease permitted farmers to acquire an equity in their lease, but originally gave no right of outright purchase.

their holdings were not eligible to reapply for a Crown lease until after the expiry of a time limit increased in stages to 10 years.

Two other features stand out from the legislation of the years 1891 to 1911: the increasing awareness of the necessity for providing adequate public reservations and protecting scenic beauties and the increasing importance of the coal mining industry as indicated in the introduction of two mining districts leases, the one, the Mining Districts Land Occupation Lease providing for small areas of up to 100 acres suitable for agricultural and horticultural leases, the other, the Pastoral Lease in Mining Districts offering

After 1900 world prices and therefore the export prices of New Zealand primary produce began to rise. Under these favourable circumstances, with the burden of overhead charges lightened and with rising outputs and an increase in net returns, those small farmers who had become established on Crown and Settlement Lands were soon agitating for the right to acquire the freehold of their properties, for this meant that they would not only be able to find an outlet for the investment of part of their incomes, with added security for themselves and their families in the shape of an equity in the farm, but, perhaps even more important, that they would be able to reap the benefits of rising land values due to the improved conditions and also to improving transport facilities. In deference to these wishes the Governments of W. F. Massey and J. G. Coates extended the right of freehold to all those Crown and Settlement land lessees who did not already have this right, and on very liberal terms. In the standard case, first of all the difference between the original capital value and the present capital value less improvements was computed. This difference was treated as though payable on the expiry of the lease, and to obtain the present value it was discounted at 5 per cent. interest for whatever number of years remained to the lease, and then "the amount ascertained by such actuarial computation to be added to the original capital value and the result to be the price." Further, that tenure, the Occupation with Right of Purchase which led up to the ultimate acquisition of the freehold, was replaced in 1926 by a deferred payment licence with payments in half-yearly instalments in table form varying up to terms of 34½ years, and licensees were given the right of paying off at any time. Interest was made payable on the unpaid balance of purchase money at 5½ per cent.