

The object in letting this land at what may be considered a low rate of rental, was to encourage settlement, and enable the occupants to reimburse themselves for the outlay expended on reclaiming land covered with a very heavy growth of timber, and on making permanent improvements, such as clearing and forming streets, &c.

All the leases issued for this part of the property are for a period of 21 years, only a few years of which have run; and when the subsisting term expires a higher rate of rental may reasonably be demanded.

With reference to a statement that has been circulated amongst the tenants at Greymouth, to the effect that on the occasion of my last visit there I had intimated to some of the tenants, in reply to a question "whether the leases would be renewed on the same terms, that they would not; but since property had increased in value, the rents would be increased in a like ratio," I beg to state in general terms that I have no recollection of having held a conversation of that nature with any of the tenants, although I have stated on previous occasions that on an extension of lease being granted for premises now occupied at a low rent, a higher price would be demanded in proportion to the increased value of the surrounding land at the time. As an instance of the unreliable nature of the statement that a number of the leases are about to fall in, I may state that the majority of the leases have been issued for terms of fourteen and twenty-one years, and of the few that were issued for a lesser term, most of them have been previously renewed at an advanced rent, without demur on the part of the occupants. It will be seen, therefore, that there is no real cause of complaint.

I should not have alluded to this subject, had not a suggestion been made that Government should be requested to intercede.

Concerning the proposition mooted some time since to sell the estate, and capitalize the proceeds, no good reason has yet been adduced why such a course should be adopted, but the contrary, for besides committing a waste, very little benefit would have accrued to the majority of the occupants.

It might under some circumstances be of public importance to remove the barrier which extensive reserves are to colonization, but there can be no sound objections to reserves of moderate size, much less to lands occupied under favorable terms.

It is a recognised principle of political economy, "that rent must exist, and cannot be got rid of, and that it is vain to think of destroying the 'monopoly,' as it is sometimes called, of landowners, it revives as naturally by an economic law, as water finds a level by physical law;" and had the sale of the Greymouth Estate been sanctioned, it would have simply been a change of landlords, without conferring any corresponding advantage.

I enclose herewith detailed returns of both Funds for audit, as well as an abstract of each for publication on the accounts being examined.

The Under Secretary Native Department,
Wellington.

I have, &c.,

ALEXANDER MACKAY,
Commissioner Native Reserves.
