

The Agricultural Lessee Six Half-yearly Payments at 1s. 3d.	£0 7 6
Under Exchange Lease Fourteen Half-yearly do. do. 1s. 6d.	£1 1 0
	In All £1 8 6

or a sum of £1 11s. 6d. in favour of the applicant on agricultural lease. This inequality is somewhat mitigated by the Land Board carefully reserving the best sections for the Deferred Payment settlers.

From table No. 6, it will be seen that the pastoral country under license or lease in the Colony, is about thirteen and quarter million acres held by 1,038 tenants, who pay £119,147 3s. 4d. per annum, or at the rate of from $\frac{1}{2}$ d. to $5\frac{1}{2}$ d. per acre.

The other tables do not call for any remark.

It is rather too early to review the effects of the Land Act, 1877, and the Crown Lands Sale Act, 1877, both of which only came into operation on the 1st of January. But it may be affirmed that the enhanced price of lands due to the last mentioned enactment, will have the certain effect of diminishing sales in those Land Districts, where the land is inferior or covered with forest. Canterbury is not affected at all, Otago is not very much, except in the price of Deferred Payment lands. But in all the other Land Districts the transactions in land will be very materially lessened by the change. Virtually, it is a reservation of large areas until the advance of the country makes it worth while to give the price now put on them. There have been suggestions made by several of the Commissioners, towards a reduction in price. But even at the risk of retarding settlement, it will be better to have more experience of the defects before attempting amendments.

During the current year the more special efforts towards the encouragement of settlement, will be introduction of the Deferred Payment system in Canterbury. It is proposed to open on this system part of 40,000 acres of valuable Railway Reserves now no longer required to be withheld, which will suit exceedingly well for small settlers. They are in the midst of purchased lands and alongside, or within easy reach of rail. These reserves will be surveyed into town, suburban, and rural lands. Other Blocks in Canterbury will also be opened for application on the same system.

The sale of pastoral lands on Deferred Payments will also be introduced during the current year; this will be tried in Otago, where several runs near Dunedin are now being surveyed with that object.

The improvement of lands before sale by rendering them more accessible, will also be gone on with. This is especially necessary in bush lands. The Land Boards of Auckland and Wellington are so much impressed with the need of opening up bush lands with tracks before sale, that, as already mentioned, they withhold large Blocks of surveyed land, until the contemplated improvements are made.

It will be impossible to carry out in one season all that has been suggested, and indeed it would not be wise to enter at first too largely on a scheme which, although very sound in principle, is one that a great deal of money might very easily be thrown away on without any adequate result. At first the expenditure will mainly, if not altogether be towards improving the access to lands already surveyed. If it proves a success, an effort must be made to have the tracks pushed on in advance of the sectional surveyor, and care must be taken that they are carefully graded, so that all present and subsequent works will concentrate on the making ultimately of good practicable roads. There is a vast amount of this sort of work requiring to be done, more especially in the North Island, and the settlement of that part of the Colony is only but beginning.

DEPARTMENTAL.—In consequence of Dr. Giles appointment to the Magistracy and Land Commissionership in Westland, a vacancy arose in the Crown Lands Office which, after consideration, was met by the existing arrangement of dividing the work of the office into two divisions—one of Crown Lands and Immigration with Mr. Elliott as Under-Secretary, and the other of Gold Fields, with Mr. Wakefield as Under-Secretary. The business has increased very much of late, and the re-organisation referred to conduces to its prompt despatch.

I have the honour to be, Sir,

Your most obedient servant,

JAMES McKERROW,

Secretary for Crown Lands.