

1878.

## NEW ZEALAND.

## CANCELLATION OF RUNS IN OTAGO

(CORRESPONDENCE RELATIVE TO).

*Presented to both Houses of the General Assembly by Command of His Excellency.*

## No. 1.

Mr. HENRY DRIVER to the Hon. Mr. STOUT.

SIR,—

Wellington, 12th October, 1878.

You are doubtless aware that considerable anxiety has been felt in the Provincial District of Otago in consequence of Run No. 369, belonging to Messrs. Cargill and Anderson, as well as one leased to Messrs. McLaren and Turnbull, having been cancelled under the provisions of the Mines Act of last year. Numerous telegrams have been forwarded to the Otago representatives, setting forth that the above cancellations have caused a feeling of insecurity, and possibly a financial crisis would follow if it were thought that the provisions of this Act would be exercised to any great extent. In consequence of these telegrams, a meeting of the Otago members was held yesterday, when it was decided that some expression of opinion should be obtained from you as to the future intentions of the Government in this matter; and I am deputed to ask if you will be kind enough to explain the circumstances that have caused the Government to take advantage of the Act referred to, as it is very generally felt, and I have no doubt you are of the same mind, that the provisions of the Act were not intended to be used except in cases of absolute necessity.

I wish you to distinctly understand that I do not desire to hamper the fair and legitimate action of the Government, but I think an expression of opinion from you as to the future intentions of Ministers would tend to allay the feeling that has resulted from the action already taken.

I shall feel much obliged by an early reply.

The Hon. Robert Stout, Minister for Lands,  
Wellington.

I am, &c.,  
HENRY DRIVER.

## No. 2.

The Hon. Mr. STOUT to Mr. HENRY DRIVER.

SIR,—

Government Buildings, Wellington, 14th October, 1878.

I have the honor to acknowledge the receipt of your letter of the 12th October instant, and I am glad that by it the opportunity is afforded me of stating the policy the Government has pursued, and intends to pursue, in providing for settlement in the Provincial District of Otago.

You are right in assuming that I am aware that some anxiety has been manifested by some persons and companies in Dunedin regarding the tenure of pastoral holdings. A telegram has been forwarded to some members of the Legislature, of which the following is a copy:—

“Great consternation among mercantile, banking, and runholding interests here, on hearing the purpose of the Government to cancel leases of runs, contrary to provisions of Land Act, by misuse of clauses of Mines Act. If this is done, the value of all leases is reduced to simply the amount of compensation, and the result can only be disastrous, and may cause collapse of pastoral interest, and possibly financial crisis, by foreclosing of securities over such property. Are there no men among our representatives to make a stand against so cruel and disastrous a course?”

“The Australian Mortgage, Land, and Finance Company  
(Limited), Cargill, Gibbs, and Co., Agents.

“The National Mortgage and Agency Company of New  
Zealand (Limited), Geo. G. Russell, General Manager.

“John McNab, Manager, Bank of Australasia.

“Colonial Bank of New Zealand (Limited), Beale, Manager.

“Wright, Stephenson, and Co.

“Geo. Miller, Manager, Bank of New South Wales, Dunedin.

“William Dymock, Manager, National Bank of New Zealand (Limited).

“A. W. Morris, Manager, Otago and Southland Investment Company.”

In order that the position of pastoral tenants on gold fields may be properly understood, I think it best to give a very brief historical *résumé* of the laws affecting runs.

It is well-known that, at the suggestion of what was then known as the Otago Pastoral Association, of which, if I remember rightly, Sir F. Dillon Bell was President, and Mr. D. F. Main, Secretary, a proposal was made in 1865, in the Otago Provincial Council, to grant an extension of pastoral licenses to ten years beyond the term of the then existing licenses. For this extension the pastoral tenants were to pay an increased rent. “The Otago Waste Lands Act, 1865,” carried this suggestion into execution, and under it pastoral licensees were entitled to ten years beyond the term they then held, they paying at once an increased rental. There were two provisions, however, that were believed to provide for settlement: First, the Superintendent had ample power (*see* section 69) to refuse to grant the leases for the ten years’ extension; and, secondly, there was a full and ample power to declare the land open to settlement by proclaiming hundreds. For such practical cancellation of their leases as declaration of hundreds implies, the pastoral tenants were entitled to compensation for improvements; but the amount was not to exceed at the rate of three years’ rental, and was payable only if the proclamation of hundreds was made after the expiry of the tenure of the original licenses. This limit of the amount of three years’ rental practically meant that in no case could the compensation exceed, say, 1s. per acre, and as an average it would not amount to 6d or 7d.—that is, provided improvements had been made. This was understood to be the law affecting runs.

In the same session of the Assembly, however, in which “The Otago Waste Lands Act, 1866,” was passed, another Statute was enacted—viz., “The Gold Fields Act, 1866”—a Statute that was not confined to Otago. By its new provisions were made as follows:—

1. A pastoral lease could be cancelled under section 16 if a gold field was or had been discovered or proclaimed without declaring the lands into hundreds.
2. Blocks of land in any runs could be taken for settlement on the agricultural-lease system (*see* section 33).

In both such cases it was provided that the pastoral tenants should have full compensation—that is, compensation not only for improvements, but also for good-will. This Act was passed, and instead of the Provincial Government, when land was needed for settlement, withdrawing it from the gold fields, and then proclaiming it as hundreds, a “misuse” was made of the provisions of “The Gold Fields Act, 1866,” and enormous sums, ranging up to 9s. per acre (more than all the rent and interest thereon together), were paid to pastoral tenants. Against this “misuse” of the provisions of “The Gold Fields Act, 1866,” and against this breach of understanding between the pastoral tenants and the Government, ratified by “The Otago Waste Lands Act, 1866,” none of the signatories to the telegram raised their voices.

The result of this “misuse” of “The Gold Fields Act, 1866,” was that no settlement of any account took place in the gold fields, and men anxious to settle—desirous of acquiring land—had, with their money in their pockets, to leave Otago. There was also another “cruel and disastrous course” carried out, which was also a “misuse” of the provisions of “The Gold Fields Act, 1866,” and against which only few protested. Large blocks of land were improperly sold—I mention the Moa Flat Block to Mr. Clarke, the Marawhenua Block to Hon. R. Campbell, and the large block to Messrs. Cargill and Anderson.

The difficulty in acquiring land became greater, and the pressure of those anxious to settle could not long be resisted: hence was introduced the Hundreds Act of 1869. This gave to pastoral tenants the following advantages they had not bargained for in their leases:—

1. No hundred could be proclaimed unless one-half was declared to be fit for agricultural purposes.
2. No hundred was to exceed 15,000 acres in extent.
3. Officers were to determine, instead of the Government, if a hundred was necessary.
4. No limit was fixed to the amount payable for compensation for certain improvements, such as fencing, and laying down in grass.
5. Two shillings and sixpence per acre was fixed as the maximum compensation for good-will.

Against this Act the then Provincial Executive, or rather a majority of them, protested, and the result of an agitation that was carried on in Otago was that an amending Act was passed in 1870, and the 1869 Act was modified as follows:—

1. One-third instead of one-half of a hundred must be fit for agricultural purposes.
2. The hundred was not to exceed 20,000 acres, instead of 15,000 acres.
3. No compensation was paid for any improvements, save fencing.
4. The maximum compensation, 2s. 6d. per acre for good-will, was kept.
5. A pre-emptive right of 640 acres at £1 per acre was granted to pastoral tenants.

These provisions were to apply to runs within gold fields, and, in so far as the Act in that respect affected the gold fields, less compensation was payable than under “The Gold Fields Act, 1866.” Of course, the Government could always have taken land out of the gold fields by a simple Proclamation. The pastoral tenants always, however, resisted this course, and declared that it would be a breach of faith to them to do so—a position which, in my opinion, was utterly untenable.

“The Otago Waste Lands Act, 1872,” consolidated the law existing, but made provision for opening land on deferred payments. “The Land Act, 1877,” was also a consolidating measure, but it created a new mode of disposing of pastoral land—that was, by selling it on deferred payments. Pastoral lands may now be sold on deferred payments—

1. If no pastoral license or lease over the land exists;
2. Twelve months before the expiry of an existing license or lease.

The provisions of "The Land Act, 1877," so far as refer to the proclamation of hundreds, where a pastoral lease or license exists, are—

1. That one-third of the hundred be fit for agricultural purposes, and this be certified by the Commissioner of Crown Lands and the Chief Surveyor.
2. Compensation not exceeding 2s. 6d. per acre for determination of lease, and full compensation for fences.

There is no other limit, and once the lease is cancelled the land may be sold in any manner, by deferred payment or as special-value lands, or, if pastoral land, by deferred payments; and, in fact, as two-thirds of a hundred may be pastoral land, it may be assumed that the Legislature intended part of it to be disposed of in this way. "The Mines Act, 1877," gives power to the Government to cancel pastoral leases without any limitation. Provision is, however, made for the same compensation as is granted by "The Land Act, 1877"—namely, a maximum sum of 2s. 6d. per acre for determination of lease, and full payment for the value of all fences. The only difference, therefore, between "The Land Act, 1877," and "The Mines Act, 1877," in this respect is that, before a Proclamation of a hundred, one-third must be certified by the Commissioner of Crown Lands and the Chief Surveyor as fit for agricultural purposes; whilst in the Mines Act the land may be wholly unfit for agricultural purposes, and yet the lease may be cancelled. Once the lease is cancelled under the Mines Act, the land may be sold as the Government may determine; and I may state, however, that no lease will be cancelled under the Mines Act that has not at least one-third of agricultural land. There is, therefore, neither any expressed nor implied prohibition that any land proclaimed a hundred over which a pastoral lease under the Mines Act has been cancelled should not be sold as pastoral land on deferred payments.

And after much consideration, I am at a loss to understand what those who have signed the telegram mean by saying that the Government have misused the provisions of "The Mines Act, 1877." Do they mean to say that before any land is open in gold fields there must first issue a Proclamation taking the land out of gold fields, and that then a hundred must be proclaimed? If this is meant, it is wonderful that this method of procedure was not pointed out before "The Hundreds Regulation Act, 1869," was passed. I would desire to know how the pastoral tenants would have liked their runs in gold fields to be proclaimed hundreds, and no compensation whatever paid them. It is not necessary to pursue such an inquiry.

I have shown, I think, that the legislation, since the granting of the leases of 1866, has been very much in favor of the pastoral tenants. Let me now state what I think the Government should do.

First. I believe it is absolutely necessary that land should be opened for settlement in the interior of Otago.

Secondly. I believe the lands should not be all opened, as the construction of railways will enhance its value, and the public should reap some share of the enhanced value.

Third. I also believe that nothing should be done to wantonly or improperly destroy the tenure of the pastoral tenants.

Guided by these principles, I, as Minister of Lands, at the urgent solicitation of people anxious to settle, determined to open lands at Teviot and near Clyde, and also in some other localities in the gold fields.

I found there was a great danger to be avoided, and it was this: If the level lands skirting the hills were sold, the high back lands became the property of those who had purchased the low lands. In the interests of the public estate, I was convinced that the high and low should be sold together, and this could only be done by selling part as pastoral land on deferred payments or in large blocks. The latter alternative could not be considered by me for one moment, and hence, to save the estate of the country, I determined to so arrange the lands for sale that part should be sold on deferred payments, part on agricultural leases, part as of special value, part on immediate payment, and part as pastoral land on deferred payments.

Why this should cause anxiety I am at a loss to imagine. Certainly I have no desire to at once see all pastoral leases cancelled, nor do I believe any one desires to see the pastoral tenants injured. No one charged with the administration of waste lands can, however, refuse to proclaim land open for settlement where there is none open and people are anxious to settle.

I believe the leases which the Government have proposed to cancel should have been cancelled long ago, for the demands for land have in these localities been urgent for years; and I cannot see how the pastoral estate of the country can be injured by yielding to the reasonable request of intending settlers.

I have dealt fully with pastoral tenure to prove that in the past the Legislature and Government have, instead of doing anything that would injure pastoral tenants, rather gone in an opposite direction. I am in hopes that this communication will allay any feelings of anxiety that may have been aroused; and I may, in conclusion, add that, as no communication has been held with the Government by any of the signatories of the telegram, I must assume that in sending it to the members of the Legislature it was intended as a political manifesto.

I believe that my explanations will dispel the anxiety that has been created, and will tend to show that the Government can, whilst they are making due provision for settlement, not do anything that would be "cruel and disastrous" to any class of the community.

Henry Driver, Esq., M.H.R., Wellington.

I have, &c.,  
ROBERT STOUT.

### No. 3.

MR. HENRY DRIVER to the Hon. MR. STOUT.

*Re Cancellation of Runs in Otago.*

SIR,—

Wellington, 16th October, 1878.

I have the honor to acknowledge the receipt of your letter of 14th instant, and to-day laid it before a meeting of the Otago members, and I have much pleasure in conveying to you the information

that the following resolution was unanimously agreed to—namely, “That this meeting thanks Mr. Stout for his very full statement of the Government’s views, and for the assurance expressed therein.”

On my own part, allow me to thank you for your prompt and frank acting in this matter, particularly as I thought it desirable to advise my friends in Dunedin to decline to join in the telegram referred to, because I did not anticipate the “disastrous results” of any action likely to be taken by the Government; and, secondly, I did not sympathize with the wording of telegram, or the way it was brought under the notice of members of Parliament.

Hon. Robert Stout, Minister of Lands,  
Wellington.

I have, &c.,  
HENRY DRIVER.

#### No. 4.

The Hon. Mr. STOUT to Mr. HENRY DRIVER.

*Re Cancellation of Runs in Otago.*

SIR,—

Wellington, 17th October, 1878.

I have the honor to acknowledge the receipt of your letter of the 16th October, conveying a resolution passed unanimously at a meeting of the Otago members, approving of the action I have taken or intend to take in providing land for settlement in the interior of Otago.

I can assure you that I am glad to find that in this matter the Otago members are so unanimous in the support of the Government’s action.

Henry Driver, Esq., H.M.R., Wellington.

I have, &c.,  
ROBERT STOUT.

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1878.