

1880.
NEW ZEALAND.

WASTE LANDS COMMITTEE

(REPORT ON PETITIONS OF DEFERRED-PAYMENT SETTLERS IN OTAGO, TOGETHER WITH MINUTES OF EVIDENCE).

ORDER OF REFERENCE.

Extract from the Journals of the House of Representatives.

WEDNESDAY, THE 2ND DAY OF JUNE, 1880.

Ordered, "That a Select Committee be appointed to consider all Bills and Petitions that may be introduced into this House affecting the waste lands of the Crown, and to report generally on the principles and provisions which they contain, with power to confer or sit together with any similar Committee which may be appointed by the Legislative Council, and to agree to a joint or separate report; to have power to send for persons, papers, and records. Such Committee to consist of ten members; three to be a quorum. The Committee to consist of Mr. Acton Adams, Mr. Bunny, Mr. Driver, Mr. Fulton, Mr. W. J. Hurst, Mr. Ireland, Mr. Macandrew, Mr. Ormond, Mr. Thomson, and the Mover."—(*Hon. Mr. Rolleston.*)

REPORT

(BROUGHT UP 30TH JUNE, 1880, AND ORDERED TO BE PRINTED).

Nos. 40, 43, 61, 94, and 95.—Petitions of JAMES POPHAM and Others; ALEXANDER BYARS and Others; JOHN SEMPLE and Others; THOMAS GREEN and Others; and F. W. REICHELDT and Others.

PETITIONERS pray that measures may be taken to alleviate the distress of deferred-payment settlers.

I am directed to report that, while the Committee fully recognizes the hardship of the position of the petitioners, it is of opinion that compliance with their request would be open to the most grave objection, as setting up a dangerous precedent, the possible application of which might lead to general repudiation. The Committee is, therefore, of opinion that the law should take its course, and that the land might be dealt with in some such way as that indicated in the evidence of the Surveyor-General.

30th June, 1880.

MINUTES OF EVIDENCE.

FRIDAY, 25TH JUNE, 1880.

Mr. McKERROW, Surveyor-General, in attendance, and examined.

1. *The Chairman.*] We have before us, Mr. McKerrow, some petitions from various persons referring to land taken up under the deferred-payment system in Otago. Have you seen the petitions?—No; but I am perfectly well aware of their nature.

2. The Committee have thought you might be able to give them information on the matter. As far as the Committee see, under "The Land Act, 1877," section 155, these lands, where conditions are not carried out, can be put up by the Waste Lands Boards and sold by auction?—Yes; where the land is of special value.

3. The Committee would like to hear your views on the subject; would you be kind enough to give them?—Well, at the present moment, there are very close on 200 persons who, under the Acts of 1872, 1874, 1875, and 1877, are defaulters under the deferred-payment sections. The arrears of rent up to the 1st July, 1880, are, in round numbers, £9,200. They are paying at the rate of from 2s. 6d. per acre of annual rent, up to £1. Under the present great depression in the prices of agricultural produce, it is simply impossible for the higher-rated selectors to pay their obligations from the produce of their farms. The majority of these persons are people with no reserve of capital, and it is simply impossible that they can fulfil their undertakings. The question now resolves itself into what is to be done. The Government could declare them defaulters under the Land Acts, and as three-fourths, or 150, of them took up their selections prior to the 1st January, 1878, they could legally be turned out without any valuation for improvements, or the right of re-selection. The remaining one-fourth, or 50 selectors, whose licenses date from the 1st January, 1880, are, in case of forfeiture, entitled to such proportion of their improvements, not exceeding 75 per cent., as the Land Board shall determine. The effect of declaration of forfeiture would be that the present occupiers would have to clear out, none of them being eligible as re-selectors, and a new body of deferred-payment selectors would come in. This only requires to be stated to be at once seen to be impracticable. In other words, we could not turn these people out. Another proposal would be to amend the present land laws, allow

these people full valuation for their improvements, and also permit them to become re-selectors. This plan would undoubtedly meet the case of the petitioners, but it is open to the very grave objection that you are tampering with the law to meet what is really only a temporary and incidental difficulty. Once you break the law there is no law at all, because the very next difficulty that arose, either with the deferred-payment selectors, with the tenants of the Crown, or with any one who had entered into contracts with the Lands Department, would be quoted as a precedent why the terms of their contract should be broken. We now come to a proposal which would obviate the breaking of the law; which would be just in its principles, and at the same time practicable. The proposal is to declare the present deferred-payment selectors in arrear defaulters, and simultaneously revoke the Proclamation classifying these lands as deferred-payment lands. The status both of the deferred-payment settlers and the land would be altered: the defaulters would become, in the language of the Land Act, occupants, and the land would then be open to be dealt with as land of special value. If this were done, the Government would then have the improvements of the settlers carefully valued, and also the prime cost of the land.

4. *Mr. Macandrew.*] What do you mean by the prime cost?—What the land is worth without any improvements.

5. The inherent value?—Yes; it could then be offered by public auction as land of special value, and if the occupier could make arrangements to raise money so as to buy the land, he would still remain in possession; but if he could not make such arrangements, and another person bought the land, he would then have to retire from his occupancy, but with the full value of his improvements paid over to him. But, as would certainly happen in many cases, neither the occupier nor an outsider would purchase; the occupier would then become merely a squatter at the will of the Government. Such squatters, as well as the whole body of defaulters, would, under the wise administration of this scheme, have many months' time given to them—probably until next harvest—before the Government would think it expedient to bring this into force. In other words, the matter could be so administered that the settlers who are now in difficulties would have ample time, or a considerable time at all events, to recover themselves, and that will save any tampering with the law whatever.

6. *Mr. Thomson.*] Do you think there would be many sections remaining unsold in the event of these lands being put up to auction in the way you indicate?—I think there might be, because possibly there would be some difficulty in raising the money.

7. I think you have put the matter rather strong?—I desire to be cautious, lest my anticipations of the success of the proposal should miscarry. I would say, further, however, that those settlers who have done the most on their places would most easily be able to take advantage of the proposal of buying the land; for they would be able to raise more money, having better security to offer.

8. And be less liable to competition from outsiders?—Yes; they would be less liable to competition.

9. *Mr. Ireland.*] Would you kindly inform me in what position present holders would be in the event of the course you suggest being adopted; that is to say, if persons are declared defaulters, and the land sold by auction, in what position would they be as to taking up further deferred-payment sections?—They could not take up at all.

10. Not for the next century?—No; not unless the law was altered.

11. They would have to purchase freeholds in future?—Yes. I may add that the proposal should only be administered in favour of those people who have fulfilled the conditions of improvement and residence up to date.

12. *Mr. Macandrew.*] What are the average size of the holdings?—About 200 acres; some run as low as 30 acres, and some as high as 320 acres.

13. Do you think that your suggestion as to the area of the sections should be maintained?—I think so.

14. *The Chairman.*] Do you think the statement in this petition from F. W. Reichelt and others is correct—the part which says, “That as a class we have expended from £300 to £2,000 each on our lands, so as to make it give returns equal to the high rents agreed, and these moneys having drained our resources, to the great advantage of the land, which must now become forfeited to the Government and turn us out in a penniless state on the world”?—I believe the majority of them will have expended £300; a few may have effected improvements up to £2,000.

15. *Mr. Ireland.*] Still the statement has some truth in it?—Yes; I have thought the thing over, and I am most careful not to brand these people with the name of state-paupers. I desire to see a way opened up that will be quite honorable both for the Government and the settlers to follow.

16. *Mr. Macandrew.*] A man might be able to acquire the freehold of 50 acres and not of 300. Do you offer facilities for reducing the area?—I do not think that would work well. Take the case of the people above Tapanui on the A Run. There might be a section containing 200 acres which would be all good land, but it is in ridges. The flats on the ridges are suitable for cultivation, but the sides and gullies are fit only for pastoral purposes. It would be difficult in such a case to cut out a portion; besides, the people will never get on in these backlying districts unless they keep sheep and cattle. Two hundred acres is as little as they can get on with. I will give you an instance. There is a settler there—I forget his name—who works a farm of 400 acres with his son-in-law. Each of them took up 200 acres. It takes them all their time to meet engagements, and I know that they had considerably over £1,000 to begin with; but, with oats at 1s. a bushel, and many miles of a hilly, muddy road between them and the Waipahi Railway-station, their only resource now is their sheep and cattle. Then, take the country which Mr. Ireland represents. In the Chatton District people could not get on with 50 acres. Further, you would require a re-survey. I do not think the plan would work well.

17. *Mr. Fulton.*] Are these men who are deferred-payment settlers, as a class, much in debt?—In debt to the Government?

18. Apart from that?—I know the case of a very honest man who is £500 in debt. The security is his honor, and I know he is struggling bravely to meet his engagements.

19. As a class, do you think it is likely that they are in debt to storekeepers and others?—I do not think they are deeply in debt: they are people of very thrifty habits. Besides, the law does not permit of deferred-payment lands being given as security, so that they cannot borrow on the land.

20. You have spoken about making arrangements by which the land could be put up to auction, and they could purchase it if they could raise the money?—Yes.

21. Do you think they could raise the money?—I think in cases most deserving of assistance they could. In other words, wherever substantial improvements—over £200—have been made, I believe they could raise the money. If you like we will take a case in illustration, and see how much was to be paid to the Government and how much to the money-lenders; supposing the money borrowed to pay for the land.

22. You have said that, in many cases, if the land were put up to auction, with the improvements, it would probably not be purchased at all?—I believe that is very likely.

23. Supposing such a case, would it not be possible that, while a man still occupied land, another should step in at a moment's notice and buy over his head?—No; because the land can only be put up by auction, and the Waste Lands Board must decide when.

24. You do not think that to allow men who have taken up land from the Government at a high rate to come down and repurchase at a low rate would work well as a principle?—I do not think it would: it would be a very favourable concession. It would be virtually giving them the pre-emption of the land.

25. Would it not have the effect that a large number of persons not defaulters would come under the principle?—It would be a very strong temptation to those who are high-rented and have only paid one or two instalments; and I am afraid we would very likely have to extend it to some of them. I would say this would not be altogether a bad thing. It would in these times, when so much is said of retrenchment, cause a saving in the working of the Land Department. I may instance the Dunedin office, the time of which is now largely taken up in letter-writing to defaulters; and such deferred-payment settlers, even if all goes right, will be in account with the Land Office for ten years, during which twenty half-yearly receipts have to be sent; and then there is the additional expense of the rangers going round to see that improvement conditions are complied with. It is a most costly business to work. Of the money paid by the fifty deferred-payment settlers whose licenses date after January, 1878, not one penny has yet come to the Government. It filters through the the local Land Offices to Wellington, goes into the Treasury, is accounted and audited, and then is sent back to the Road Board. I will instance the costliness by some land taken from one of Sir Dillon Bell's runs. Two shillings and sixpence per acre was paid for extinction of grazing right, 1s. 3d. was paid for survey and mapping, and I forget how much for fencing, but the cost per acre would not be less than 5s.; and for all this outlay, made more than two years ago, the Government has not yet got one sixpence.

26. Then I gather from what you have said that the deferred-payment system is not profitable so far as money is concerned?—No; it is a serious drain for the first ten years.

27. You said that each of these cases as it rises would be dealt with on its merits?—Yes.

28. Would not that have the effect that enormous pressure would be brought to bear on the Waste Land Boards?—A Waste Lands Board can do nothing in this matter without the concurrence of the Minister of Lands.

29. Would it not be the cause of pressure being brought to bear on the Land Boards?—The action of the Board is controlled by the Government. It would prevent what it did not approve.

30. It is rather a question of policy that I am asking you. We have now so large a number of selectors on the electoral roll, would not pressure be brought to bear; would it not have the effect of altering the law?—I scarcely think so. Many of these people have paid for some years. In the case of those who have paid for years it would not be for their interest to break the bargain, because the deferred payments go to their credit as purchase-money.

31. Would you be good enough to give us a case in point?—We will take the case of A.B. He has 200 acres and pays £192 10s.; that is to say, virtually he pays 19s. rent per annum. This land is up the Shag Valley.

32. *Mr. Thomson.*] Is not that an extreme case?—I will take another. A man in the Budle District, near Macrae's, has 200 acres; he pays £59 rent; that is to say, he pays 6s. per acre rent for that land. If it were valued to-morrow by myself I would not say that it would be worth more than 20s. It is situated at an altitude of 1,500 feet, and is difficult of access: it has fearful roads. In fact, I reported strongly against the block being opened, but a cry was raised for land to be thrown open, and the Government gave way. My report was put on one side. The people who occupy it cannot now fulfil their obligations. I say these 200 acres are worth £200. Then a man has to borrow £200: we will say his improvements are worth £200. The land and the improvements are worth £400 altogether. He goes to a money-lender to borrow £200, and makes arrangements accordingly. The money-lender goes as far as £200, and charges 10 per cent. interest; that is to say, under this arrangement he would pay 2s. an acre to the money-lender instead of 6s. to the Government. You lessen his load by 4s. an acre.

33. How much of this 6s. is sinking fund?—It is all sinking fund.

34. There would be at least 1s. or 2s. that would be sinking fund?—The proper term would be instalment of purchase-money. What will be likely to happen with the people in the Budle District is this: In the case of those selectors who have not put up many improvements, the station-people will buy up the whole thing. The people cannot exist there. You cannot carry on an agricultural farm in the coast districts of Otago at an altitude of 1,800 feet.

35. *Mr. Macandrew.*] How many of these people do you think would be able to raise the money to pay up?—I have been very guarded on that point. I should not like to say positively. Speaking generally, I may say that it is the desire of the Government to enable people who have taken up land to remain on it without the loss of their self-respect. It is desired to avoid the imputation of state-pauperism being cast upon these people.

