

condition if cultivation and improvements to twice the amount required with residence are effected on the land. Further, any selector of rural land on deferred payments may obtain an extension of his license for a period of four years, thereby giving a period of fourteen years, instead of ten, over which payment of the instalments of purchase-money may be spread. This provision has been a boon to a good many bush-settlers, who, with little more capital than their labour, find it difficult to keep up the heavier rate of payment over the shorter period. Another measure of relief is the giving to pastoral deferred-payment settlers the option of exchanging their partially-completed purchases for a small grazing-run lease for twenty-one years, with right of renewal for a second term of twenty-one years. This is a very great concession to those who cannot maintain the strain of the double process of fencing, stocking, and improving the land, and at the same time keep up the payment of instalments making the land freehold. All the payments already made are accounted as rent at $2\frac{1}{2}$ per cent. on the capital value, computed from the commencement of the license, the overplus going to credit of future rent; so that, in the case of a settler who has paid instalments for, say, three years, by exchanging his license for a lease, he will have a breathing-time of five years in which he will sit rent-free, and thereafter pay in rent about one-third what he would have had to pay as instalments. During the short time the Act has been in force twenty-four settlers, holding 39,752 acres, have elected to come under this beneficent arrangement. In addition to these, eighty-three selectors have taken up 156,482 acres in small grazing-runs. This system is suitable for the settlement of rough, broken bush-country, such as the Maungakaretu Block, Wellington Land District, where, although the soil is good, the surface is too steep for cultivation, and is only adapted for grazing after the bush and scrub have been felled and burnt off, and grass-seed sown broadcast. The minimum price of such land having been fixed by the Act at 10s. an acre, and in a few land districts as low as 5s. an acre, the upset rent, being $2\frac{1}{2}$ per cent. on the capital value, can be fixed as low as 1½d. or 3d. an acre. The settler therefore does not require to sink his money in the purchase of the land, nor is he weighted with a heavy annual payment, and so is free to employ his capital and energy in the stocking and improvement of the land. Under this and the other systems of settlement the country, especially in the bush-districts of the North Island, is being rapidly transformed from unproductive impenetrable bush to well-grassed hills and valleys, with their appropriate complement of flocks of sheep and herds of cattle. In the Taranaki District alone upwards of 6,000 acres of bush were fallen last year, and still greater areas have been fallen in other more extensive districts. The settlement and improvement of the Crown lands is proceeding at a more rapid rate than is generally known. The low prices of produce for the last few years, by lessening the aggregate value of the exports, has made it appear as though the colony was either standing still or going back, when in reality the productiveness of the country has been steadily increasing. In wool, the great staple production of the colony, there has been an increase in the annual export of 50 per cent. in weight in the decennial period 1878–87. The increase in actual output is still greater if allowance is made for the wool worked up in the mills of the colony. But, notwithstanding the increase of 50 per cent. export in 1887 over 1878, the actual increase in value, according to Customhouse returns, is less than 1 per cent. The capabilities of New Zealand in the production of animal and vegetable products are very great, and under the stimulus of higher prices would have a rapid expansion.

ARREARS.

The facility with which land may be obtained under the various systems of settlement-conditions induces many who have very little capital to engage in farming, who struggle on in making a home and in the hope of achieving an independence. It is inevitable that in the earlier years of this process money is scarce, and there is a difficulty in meeting the half-yearly payments to the day as they become due. As these are payable in advance, it is assumed by many that it will do if they pay at any time during the half-year. There are therefore always a considerable number technically in arrears, although not actually so for more than a few months. On the 31st March there were 6,952 selectors on the various systems, holding 1,115,959 acres. Of these, 2,306, holding nearly 400,000 acres, were in arrear for rents and instalments £33,767, of which several thousand pounds have been paid since. The amount in arrear fluctuates, and is to the Land Department what the outstanding debts are to a tradesman in a going concern. There are now so many provisions in the Land Act for relief of distressed settlers that the extreme step of declaring forfeiture for non-payment has very rarely to be enforced. During the year 276 deferred-payment settlers, occupying 38,465 acres, capitalised future instalments amounting to £46,474 to an immediate value of £39,456, bearing interest at 5 per cent. until the principal is paid.

VILLAGE SETTLEMENTS.

In the ordinary village settlement 68 selectors took up 66 acres, and paid £482 cash, or £7 5s. per acre; and on deferred payment 160 selectors took 1,315 acres, or about eight acres each. On the village-homestead system, which is purely a perpetual-lease tenure, there being no right of acquiring the freehold, 309 selectors took up 9,451 acres.

The ordinary village-settlement system was commenced in 1880, and has been very successful in establishing groups of ten to thirty industrious thrifty families throughout the settled districts wherever there were available reserves of Crown lands for the purpose. The few acres which each family holds is sufficient to graze a cow or two, grow potatoes and garden-fruits; and this, supplemented by the proceeds of the employment obtained in the busy seasons in the surrounding districts, has enabled several hundred families to acquire comfortable homes. This system has had much success in Canterbury, as will be seen on perusal of Mr. Baker's report in Appendix A, and in which he also treats of the village-homestead system as well. This system only had a commencement in June, 1886, so that it is scarcely time yet to speak positively about it. The essential features of the system are, a perpetual lease of an area not exceeding fifty acres (the general average has been about half that); money-assistance not exceeding £20, to build a house, and in bush-land