

*Transfers, Surrenders, Exchanges.*—Transfers of land held under settlement conditions have been effected during the year in respect of seventy-nine leases and licenses, representing a total area of 14,790 acres. The principal items are—village-homestead leases, 31, 951 acres 3 roods 38 perches; leases in perpetuity, 23, 5,911 acres 1 rood 37 perches; perpetual leases, 16, 1,054 acres 1 rood 13 perches. In nearly all these cases selectors have been assisted by this office in the completion and registration of their transfers. This involves extra work, but insures the legal completion of the transactions, which lessees have otherwise been found rather apt to neglect. The Land Board has, with the consent of the Hon. the Minister of Lands, accepted surrenders of their leases from eleven small-grazing-run and lease-in-perpetuity holders, representing an area of 26,087 acres, situated in South Canterbury, principally in the neighbourhood of Burke's Pass and Hakataramea. The lessees represented that, owing to losses sustained during the winter of 1895, the increase of the rabbit-pest, and the low-ruling prices of stock and wool, they were unable to carry on at rentals fixed several years ago. The Land Board, after careful consideration, decided that the rentals were at the present time excessive, and, as there was no power to reduce them, the lessees were allowed to surrender their leases, and the lands were reoffered at reduced rentals, and weighted with valuations for improvements effected by the outgoing lessees. Owing possibly to the large cash deposit required for these improvements, the sections have not been again selected. I may remark that in nearly all cases where sections are offered for disposal weighted with a cash payment for improvements considerable difficulty is experienced in quitting the lands, and it will probably become necessary to reduce the valuations at the expense of the outgoing tenants. It is to be regretted that in some of the cases where lessees have been relieved of their obligations by the acceptance of surrenders they have endeavoured to retain the use and occupation of the lands without paying rent.

*Exchanges.*—It will be noticed that during the year thirty-eight holdings have been exchanged from the perpetual-lease to the lease-in-perpetuity system, representing an area of 2,089 acres. In many of these cases there are indications that the lessee's sole object is to secure the reduction of the rent by one-fifth, and that he does not sufficiently consider the liability to effect additional improvements which is involved in the exchange. It is probable that not infrequently the burden of the extra expenditure involved fully counterbalances the relief obtained by the reduction of rent.

*Rangers' Reports.*—I append a tabulated statement showing the results of the Crown Lands Rangers' inspections of settlement holdings during the year. I shall deal with the Cheviot Estate and land-for-settlement blocks separately. During the year Mr. Ward has inspected a large number of the perpetual-lease and lease-in-perpetuity holdings on the Ashburton County plains. These holdings consist for the most part of light and in some cases very stony land, being either unsuitable for, or very difficult of, cultivation. On the whole, the Rangers' reports show that all the lessees have, under great disadvantages, made good use of their holdings, and improved them to a considerable extent, the proportion of defaulters being very small. Generally speaking, the defaulters in the North Canterbury district are (1) persons holding small and inferior areas of plain-land, which will not yield any adequate return for the labour bestowed on them; and (2) the holders of land around Lake Ellesmere, which, owing to their very low-lying character and liability to annual submergence by the waters of the lake, are unsuited for strict enforcement of either residence or improvement conditions. The classification of most of these lands being "First Class," on account of the capital value exceeding £1 per acre, involves in very many cases an expenditure on improvements which is out of all proportion to the reproductive value of the land. The enforcement also of 10 per cent., 20 per cent., and 30 per cent., *plus* £1 per acre for the first, second, and sixth year on inferior Crown lands held under the Act of 1892, is regarded as excessive when compared with the 2½ per cent. per annum which is required on the superior lands offered under the Land for Settlements Acts, which are of a quality to repay a larger outlay. In the South Canterbury district the holders of hill-lands under settlement conditions labour under considerable difficulties, owing to the want of low-lying lands and easily-accessible homestead-sites; and, if such could be obtained at reasonable prices, the usefulness of the holdings would be much enhanced.

Of the village settlements throughout the district, both Rangers note that the majority of the settlers are complying in a very satisfactory manner, and have improved their holdings as far as can possibly be done with any profit. Many of the settlers have to struggle hard to maintain their position, owing to the scarcity of outside employment and the smallness of their holdings. In nearly all cases it is impossible to grant further areas unless such could be acquired under the Land for Settlements Acts, as the settlements were originally established on small available blocks of Crown land hemmed in by large tracts of freehold property. The Land Board has done its best to improve the condition of those settlers who had made good use of their first selections, by allowing them to acquire the selections of those who desired to sell out; but this is of necessity a slow and partial method of remedying the disadvantages under which the settlers labour.

Both Rangers have been kept very fully employed with the many special inspections and inquiries which devolve upon them, in addition to the statutory inspections of settlement holdings, and both have found it impossible to go over the pastoral runs in order to see that the conditions as to burning and destruction of gorse, &c., are being fulfilled.

*Lands for Disposal during 1897-98.*—These will probably consist mainly of the estates to be offered under the Land for Settlements Acts. Of the original Crown lands there remain none suitable for settlement disposal, and selections will be confined to forfeited or surrendered holdings that may be again placed in the market. The still-existent claim of the Midland Railway Company over Crown lands north of the Rakaia River has prevented the proposed disposal of some suitable country as pastoral runs under the small-grazing-run or second-class lease-in-perpetuity tenures, and, until that claim is either satisfied or abrogated, these lands must remain locked up.