

settlement must be promoted and encouraged by every reasonable means; second, the State must, in justice to its present and future people as a whole, reserve to them some part of that value which public expenditure will create, in the lands it is now parting with to private hands.

There is room for wide difference of opinion as to the extent to which State operations and private effort respectively create values in land, but while there may be this difference as to the degree there surely can be no such difference as to the fact that in a young and sparsely peopled country like this, where such enormous national developmental work is being done mainly at the expense of the people as a whole, some increased value will be steadily added by State operations to the lands it is parting with, and of that increased value the people are entitled to at least a share.

The State's rights as to the increasing unimproved value roughly vary with the degree to which that increase is due to the activities and agencies I have indicated, and this principle I have endeavoured to maintain throughout my land proposals. These will deal chiefly with,—

- (a.) National endowment and its income;
- (b.) Lands which have already been leased for 999 years, whether originally Crown land or land acquired under the Land for Settlements Act;
- (c.) Lands which have already been leased upon the renewable leasehold system, whether originally Crown lands or lands acquired under the Land for Settlements Act;
- (d.) Remaining Crown lands lying outside of the national-endowment area;
- (e.) European lands acquired in future under the Land for Settlements Act;
- (f.) Native lands now or hereafter acquired by the Crown for European settlement;
- (g.) Limitation of area as regards both ownership and occupation;
- (h.) Rebates of rent;
- (i.) Small grazing-runs;
- (j.) The proceeds of the sale of ordinary Crown lands.

#### NATIONAL ENDOWMENT AND THE DISPOSITION OF ITS INCOME.

I desire to say that no part of the nine million acres constituting the national endowment will be disposed of on any tenure except that of leasehold. The proceeds from these lands will be devoted as at present, save that one-fifth of the annual income will be set apart for higher education, and this sum will be used for the purposes of the University Colleges of Auckland, Wellington, Christchurch, and Dunedin, and proposals will be submitted to Parliament showing the method in which this is to be done.

I may say, for instance, with regard to the Auckland University, that it is intended to utilise the present Government House grounds as a site for a new university building, and the Auckland University's share of the moneys coming from the endowment lands will be devoted to provide suitable buildings. I will ask the House to make the necessary provision to enable this to be put in hand next year.

#### LANDS ALREADY LEASED FOR 999 YEARS.

It is widely asserted that these lessees earnestly desire to convert this tenure into a freehold, and I deem it the duty of the State to permit this if it can be done without any material sacrifice of its permanent interests. The chief advantages to the State of the present tenure are that it secures the existing condition as to limitation of area and occupation. The value of a reversion postponed for 999 years is not very appreciable even where the State is the reversioner.

In my opinion the conditions as to limitation of area and occupation can be effectively safeguarded even under a grant of the freehold, as I shall later show; and, this being so, the only question left is, what should the holder of one of these leases for 999 years pay for a title in fee-simple? I therefore propose to offer lease-in-perpetuity tenants, whether of lands originally Crown lands or of