

6. The dealings for the year with primary and secondary education reserves by nine Boards of School Commissioners are reported in the appendix of the Education Report recently issued. (E.—1, 1882, pages 94 to 105.)

7. There are about 50,000 acres of rural lands held as endowments by fifty-three Municipalities, and a much larger area of University and other endowments, the dealings with which are under the direction of the several bodies interested, and are only known locally.

#### RESERVES.

1. Nineteen endowment education reserves in the North Island, of an aggregate area of 2,382 acres 2 roods 31 perches, were gazetted during the twelve months ended 31st March, 1882, in terms of sections 19 and 20, "The Education Reserves Act, 1877."

2. Forest reserves, comprising a total area up to date of 531,840 acres, have been reserved under section 144 of "The Land Act, 1877." These reservations take in the bush on the high lands around the sources of streams, and have been made mainly with the object of conserving the springs and maintaining their natural flow.

3. Under this heading may also be enumerated 210,502 acres of Crown lands, valued at £96,570, and withheld from sale, with the object of being given as a bonus to the promoters of the Wellington-Mauawatu Railway, in terms of Part V. of "The Railways Construction and Land Act, 1881."

4. Fifty-five reserves for school sites, recreation-grounds, quarries, and the various other purposes enumerated in section 144 of "The Land Act, 1877," were gazetted during the year, absorbing 4,085 acres of Crown lands.

#### SETTLEMENT CONDITIONS.

Under this designation are comprehended the agricultural and pastoral, deferred-payment, village, homestead, and agricultural-lease systems; in all of which—with the exception of leases in the Nelson Land District under section 8, Appendix E., "The Land Act, 1877"—the principle is, that the selector comes under the obligation of fulfilling certain conditions of improvement or residence on the land before he is entitled to receive the Crown grant.

The administration of these systems is necessarily very costly, but, apart from that, they have been very successful wherever applied in their two main objects, of preventing the acquisition of extensive estates from the Crown lands, and of placing a much larger number of persons on the land directly interested in its improvement. The results have been mutually beneficial to the State and the individuals more immediately concerned; for all over the colony there are districts reclaimed from nature and rendered productive by the persevering, self-denying efforts called forth by the encouragement held out by these systems. In this way many families have attained to comfort and independence who most likely, indeed for certain, would never have done so had they, at the outset, been compelled to sink their capital and credit in the immediate purchase of the land. In illustration of these remarks, the first block opened in the Middle Island on the deferred-payment system may be cited. In February, 1873, a block of 5,000 acres at Toitoto, Mataura, was proclaimed open for application on deferred payments. The land naturally is good, strong soil, ridgy, and was originally covered with a rank growth of fern, flax, and tutu. It is the most southerly settlement in the Middle Island, and has an open exposure to the south-west from Foveaux Straits. At first the block was a long way from other settlements, and in a measure isolated. Notwithstanding these and other drawbacks, section after section was gradually taken up and occupied, until the face of the country has become entirely changed. In the homesteads, live fences, cultivated fields, and grass paddocks which now characterize the scene, there is the unmistakable record of a prosperous, substantial community.

During the year 800 selectors have taken up 113,278 acres, and since the inauguration of the deferred-payment, homestead, and agricultural-lease systems, 9,678 selectors have applied for 999,516 acres, of which 113,777 acres have been forfeited for breach of conditions, which, being interpreted, means for the greater part—voluntarily given up, the selector having changed his mind and never entered upon the land at all. There remains therefore 885,739 acres taken up, of which 320,791 acres have been made freehold, leaving on the 31st March last an area of 564,948 acres in the transition state from Crown lands to freehold. Of this area the instalments on 80,393 acres, or about one-seventh of the whole, were in arrear on 31st March last, a sum of £17,878 due by 603 selectors, or an average of £29 13s. each, or 4s. 5d. an acre. The sum in arrear should have been paid on the 1st January last, and failing that, a strict administration of the law would have declared forfeiture of the lands held by the defaulters. But the Land Boards have assumed a considerable discretion in dealing with defaulters by allowing periods of grace. There is, however, great difficulty in keeping this concession within manageable bounds; for there is not wanting evidence of the wish of some defaulters, if not to repudiate, at all events to be excused from making full payment of their part of an engagement entered into voluntarily with the public.

This is a difficult subject to deal with, for while the department would avoid the harshness of evicting a struggling man from his home, there is the fact patent to all that, unless engagements entered into by the selectors are honorably fulfilled, the system of selling Crown lands on deferred payments must break down; for if the principle be once admitted that, whenever a selector may find himself in difficulties, he is still to retain the land and get an acquittance of arrears, all those who have hitherto paid in full may well ask a rebate.

In 1880 the case of 200 defaulters came before a Select Committee of the House of Representatives, and was disposed of in the manner described in last year's report (sec C.—5, page 3, year 1881). The plan then devised met the circumstances of the case very well, but it would not be wise to adopt that as a precedent, and go on repeating the same expedient, for it is directly opposed to the aim and spirit of the deferred-payment system that facilities or any inducement whatever should be given the selector to complete his payments other than by instalments spread over ten years. In that time he and his family will have taken good root in the soil, and become what the system intended they should be—permanent settlers. No countenance ought to be given to any proposal running counter to that,