

5,770 acres were withdrawn and offered for occupation in farms of from 130 acres to 316 acres each, under the ballot system of "The Land Act, 1887." Of the twenty-nine sections offered, twenty-three were taken up on perpetual lease at rents ranging from 9d. to 1s. 7d. per acre.

In February, 1888, the lessee of Runs 193, 254B, 175B, and 202, finding that he could not continue to pay rent at the rate which he was then paying—namely, £1,805 per annum—applied to surrender his lease. After fully considering the matter, the Commissioners accepted a surrender on condition that the outgoing lessee undertook to bid the upset of £1,200 per annum for the new lease. The runs were offered separately by auction on the 18th May for the remainder of the original term—namely, nine years—at the aggregate upset rent of £1,200 per annum, and were taken up by the late lessee at £1,231 per annum.

During the year the Land Department, on behalf of the School Commissioners, sold 392 acres on deferred payment for £414 16s. 6d., and also issued perpetual leases of thirty-four holdings, containing 9,482 acres, at a total annual rental of £508 17s. 2d.

In the case of three of those leases the sections were originally held at an annual rental of £111 16s. 4d.; but, owing to the inability of the tenants to pay the rents, the Land Board accepted surrenders, and re-leased the land at an annual rental of £44 15s.

During the year the Commissioners received petitions from a number of deferred-payment purchasers of education reserves for a revaluation of their holdings with the view of obtaining reductions of the amounts owing on account of purchase-money. As the lands held by the petitioners were under the administration of the Land Boards of Otago and Southland the Commissioners had no power to comply with the petition, even if they had considered it desirable to do so. In March, 1888, the Commissioners asked the Government to amend "The Public Bodies' Powers Act, 1887," by way of empowering the Land Boards to reduce rents and instalments of purchase-money at the request of the School Commissioners, in cases where such a course is considered advisable. No amendment was made last session, but the Commissioners hope that the attention of the Legislature will be drawn to the necessity of giving the Land Boards the power required during the coming session.

The Commissioners during the year received petitions from the majority of mortgagors of education reserves originally purchased for cash from the Land Boards in terms of Land Acts of 1882 and 1885, for a rebate of portion of the unpaid balances. The petitioners stated—and there is a great deal of truth in their argument—that they were unable to compete with their neighbours, who bought adjoining sections on deferred payment and perpetual lease, and who have since been allowed to surrender their holdings and obtain them at greatly reduced prices. After giving the matter careful consideration it was decided that, in all cases in which lands have been purchased from the Commissioners when high prices were ruling, where application is made, the present mortgagors be offered a reduction of 2 per cent. on the rate of interest of their present mortgages, said reduction to date from the commencement of the term of the mortgage, and the amount of said reduction to be credited to interest account of mortgagors; also, at the date of expiry of the present mortgages an extension of the same for a further term of seven years to be offered to the mortgagors, bearing interest at the rate of 4 per cent. per annum.

In June, 1888, Mr. J. Walker Bain, of Invercargill, was appointed a School Commissioner in lieu of Mr. W. H. Pearson, resigned; and in September Mr. Thomas Denniston, of Oteramika, was appointed in the place of the Hon. Dr. Menzies, deceased.

The School Commissioners again desire to draw your attention to the necessity that exists of empowering them to deal with lands which fall into their hands under foreclosure of mortgage. They have been informed by their solicitor that they have no legal authority to deal with such lands by subletting and selling or leasing them, as they do not come under the category of "endowments." To show how necessary it is that the Commissioners should be enabled to deal with such securities in any way which they deem best, I would instance the case of the Glenledie Estate, consisting of some 3,800 acres, which they acquired about two years ago under the mortgage. In the early part of the year 1888 the Commissioners entered into negotiations with several farmers to lease portions of this estate in farms of 300 or 400 acres, with a purchasing clause, at prices varying from 25s. to 100s. per acre, the annual rent to be at the rate of 5 per cent. on those figures. On making inquiries as to the issue of titles, the Commissioners were informed by their solicitor that they had no legal power either to sell or lease. The applicants, however, agreed to go on the land on the assurance that the Commissioners would probably get the necessary power from Parliament during the current session, when they would obtain their titles in due form. The Commissioners applied to the Government on the 21st May last to have some provision made by Parliament giving them the statutory power, and they received a reply from the Education Department on the 8th June last to the effect that the Land Act Amendment Bill then about to be introduced into the House would contain the provision asked for—viz., a general power of management enabling the Commissioners to realise upon securities in any way they might deem best. Owing to pressure of business, however, at the close of the session, the Land Act Amendment Bill was shelved, and nothing further has been done. Some of the parties referred to have effected improvements on their holdings, and are naturally anxious to obtain a proper title; others wish to fence and improve, but do not care to do so until they obtain a title—indeed, I may state that one purchaser has tendered payment of purchase-money, but the Commissioners cannot accept it until they are prepared to give him a conveyance. As the prices already arranged for are considerably in excess of the amount per acre advanced on the land, the Commissioners do not anticipate difficulty in ultimately realising the full value of the security as soon as they are in a position to dispose of it; but it is absolutely necessary that they should be put in such a position with as little delay as possible. They would therefore urge the necessity of having the proposed clause introduced during the coming session of Parliament.

In the case of a large number of reserves, especially in the southern portion of the provincial district, the Commissioners have found it necessary to make considerable reductions in the rent. In almost every case these rents were originally much too high, having been run above the upset