

not amount, for the year, to one-tenth of the transactions for the colony. The returns for the current year are likely to be larger, as several large blocks, both in the Auckland and Wellington Districts, will shortly be offered for application.

Lands disposed of without Sale.

During the year ended 30th June there have been reserved for—

Recreation, school sites, gravel pits, and other purposes enumerated in the 144th section of "The Land Act, 1877" ...	A.	R.	P.
Education, under section 20, "Education Reserves Act, 1877" ...	*23,389	3	31½
Education, under sections 144 and 145, "Land Act, 1877" ...	15,945	2	33
Education, under "The Wellington College Act Amendment Act, 1878" ...	6,575	1	18
Education, under "The University Endowment Act, 1868" ...	2,973	3	12
	10,000	0	0
Total education reserves for the year	35,494	3	23
Endowments to thirty-two boroughs, in terms of section 350, "Municipal Corporations Act, 1876" ...	28,773	1	24
Total area disposed of without sale	87,658	0	28½

Settlement Clauses (Deferred Payments, Agricultural Lease, and Homestead).

The distinctive features of these several systems were described in last year's report; but attention must again be drawn to the fact that the inequalities existing between the terms of the deferred-payment and agricultural-lease systems are too great for both to work successfully in the same district. In the former the applicant undertakes to pay, in twenty equal half-yearly instalments, a total of not less than £3 per acre—it may be more, should there be more than one applicant, and the land go to auction—and there is a strict residence clause of six years, with improvements. In the latter there is no residence clause whatever, the improvement conditions are much easier, and there is only a half-yearly rent of 1s. 3d. per acre, with the option, at the end of three years, of an exchange lease, by which the rent is superseded and fourteen half-yearly instalments of 1s. 6d. per acre complete the purchase of the freehold. Unless the price of the deferred-payment land is lowered, very little future settlement will take place under it. Several blocks have been offered recently without a single application having been made.

The object of the settlement clauses is to insure that, in consideration of giving easy terms of payment, the country will become settled by a resident proprietary. The residence clause, personal application, and other conditions of the deferred-payment system, secure this as far as any enactment can. The agricultural-lease system, on the other hand, gives no such security. It is quite true that much settlement has taken place under it; but it is equally true that it affords facilities, which have been availed of by absentees and others, to get large areas in one holding. In such a case the beneficent purpose of the law—which is the encouragement of settlers with limited means—is defeated, and the Proclamations, leases, transfers, and other expensive routine of the agricultural-lease system become a most tortuous, cumbrous way of putting a man in possession of an estate, when it might have been done so much more easily by simply selling the land to him in one block in the first instance. The remedy is to reduce the price of deferred-payment land to the same as agricultural lease, and modify the regulations of the latter system so that after two years, residence will be compulsory when the land is agricultural. The deferred-payment system could then be applied more extensively, and the agricultural-lease system retained to meet the case of miners and others who cannot withdraw all at once from their present occupations.

The deferred-payment system was introduced in Canterbury during the year. An area of 7,393 acres was proclaimed open for application. Two selections, each of 320 acres, were made at £3 per acre. Of the area known as the railway reserves, about 2,300 acres were offered for sale by public auction on deferred payments, and 325 acres were sold to seven purchasers at an average of £8 15s. per acre; and at another sale, in August last, 337½ acres brought £8 13s. per acre. These lands are in the middle of settled districts, and close to the main trunk line of railway. At the same sales sections interspersed among the deferred-payment sections were sold on immediate payment—1,290 acres fetched, on an average, £5 1s. 6d. per acre.

Lands held on Pastoral License or Lease.

Table No. 6 shows that there are 918 holders of a total of 12,253,876 acres, paying, in rent and assessment, £111,000. There is a falling-off from the previous year of 120 holders, a million of acres, and £8,147 in receipts. This is due to the land sales in Canterbury, Otago, and Southland diminishing the area leased; also to upwards of 90,000 acres of educational endowments in Southland no longer being included in return, and to the severity of the winter of 1878 causing

* Of this, 20,000 acres were reserved for the Aorere Tramway, Nelson.