

We thus arrive at a total net expenditure of £30,759—an increase of £1,147 over last year. The net revenue being £29,723, and the net expenditure £30,759, an apparent deficiency is shown of £1,036. As against this, however, there are the following items of capital expenditure to be taken into account :—

	£
Boys' High School gymnasium .. .. .	879
Fencing College ground .. .. .	110
Girls' High School buildings .. .. .	753
Hydraulic apparatus and buildings .. .. .	972
Library sinking fund .. .. .	54
Museum specimens .. .. .	251
Museum strong-room .. .. .	114
Whale-skeleton .. .. .	400
<b>A total of .. .. .</b>	<b>3,533</b>
From which deduct deficiency on working accounts .. .. .	1,036
<b>And a total profit of .. .. .</b>	<b>£2,497</b>

for the year is shown. This, I think, must be regarded as satisfactory, indicating the prudence with which the Board's affairs have been administered.

Not only has the long-standing debt due to the Agricultural College been finally wiped off, but the Board has increased its assets in other directions : The Coldstream Reserve rents, amounting to £4,567, have been added to our capital, and that sum will be devoted to the chemical laboratory now in course of erection ; the reserve itself has an area of 1,487 acres, and is producing £195 per year (which is divided equally between the chemistry and physics departments), and the sum stated, capitalized on a 5-per-cent. basis, represents £3,900. Another reserve of 640 acres in the mountains has also been vested in the Board. In addition to these, the purchase of the College block sections for £3,450 has been an event which will mark the year as a most important one in the history of the College.

A comparison of the receipts table will show members that the fees received, including capita- tion for free places, represent an increase of £400 for the year, but this is very largely made up by the increased capitation received from the Government.

On the other hand, salaries show an increase of £1,365 upon the previous year. The other expendi- ture is normal, and requires no reference.

The policy which the Board adopted a little over a year ago, of selling its leases by public auction instead of by private tender, so completely justified itself by the increased rents which were obtained, that it has been continued, and a further number of leases which fell in were sold a few weeks ago at Timaru, and resulted in an increased annual revenue of £32 5s. 8d. from 75 acres. I have no doubt that the Board will continue this policy of offering its leases for sale in the open market.

While on this subject, I would like to say that the question has been raised whether the Board should not pay for improvements effected upon its lands during the currency of a lease. The policy hitherto has been that when any tenant desired a valuation on improvements in the nature of buildings, the Board has invariably agreed to such an amount as it considered fair according to the size and value of the property, and, on the same principle as is adopted by the Government in State leases, it has been provided that in the event of the farm changing hands, the new tenant would be required to pay the outgoing tenant the value of the improvements for buildings which had been erected by him during the currency of his lease. I do not think it would be wise that this principle should be extended to cover all improvements, for the reason that the tenant, in taking up a block of land, naturally calculates his rental so that allowance is made for the improvements that he considers necessary to secure the most effective and successful working financially of the property. If, therefore, the Board were to adopt the principle that has been advocated in South Canterbury—namely, that all improvements that have been made by the tenant should, at the expiration of his lease, be paid for at the then value—an entirely new element would be introduced into the transaction, and one which might operate to secure to a tenant a renewal of his lease at his own price, or, at any rate, to limit the competition for the Board's lands. At the same time, I think it would give greater fixity of tenure to the Board's tenants, and possibly encourage more improvements upon the endowments if leases were granted for twenty-one years, which the Board can legally do, instead of for fourteen years, which is the rule at present. During the year 1910 a number of leases of the Board's endowments, mostly belonging to the Boys' High School, will fall in, and I would suggest that the Finance and Estates Committee should, at an early date, take these into consideration, with a view to ascertaining whether a further subdivision would be likely to lead to the more effective working of the property, and to better financial results. It cannot be too often emphasized that subdivision of suitable land is the secret of good farming and increased income. Also, during the year 1911, the Haldon (19,025 acres), Gray's Hills (29,862 acres), and Lake Coleridge (35,594 acres) runs, totalling 84,481 acres, will fall in ; and in anticipation of this, although it may be looking some little distance ahead, careful inquiry should be made whether any of these can be subdivided in order to promote increase of settlement and better financial results.

#### COST OF ADMINISTRATION.

The total cost of administration was as follows : Net revenues, £29,723 ; salaries of official staff, £916—an average of slightly over 3 per cent., or about 7½d. in the pound. For rents of reserves, £15,076 was received, and the cost of inspection was £302, a percentage of 2 per cent., or about 4½d. in the pound. These rates of official cost and inspection are worthy of careful consideration, at a time when retrenchment is " in the air " regarding the public service.

I shall now refer to the various institutions controlled by the Board.