

land, to 404 purchasers; of town land the sales have amounted to 1625 acres to 596 purchasers; of agricultural lease areas on gold-fields here have been granted 30,000 acres to 320 lessees.

On perusing the accounts for the past year, it will be seen that, with very few exceptions, the whole of the appropriations on the main Estimates towards public works have been either expended, or are now under contract. Most of the sums on the Supplementary Estimates have likewise been expended. The contract price of public works, owing to scarcity of labor, has in very many instances exceeded the vote; there was, however, no option but either to leave the works in abeyance or to sanction the excess.

I may here observe that, in my opinion, the amount of labor and responsibility which now devolve upon the Public Works Department is much greater than we are warranted in imposing. I propose, therefore, that the construction of railways, of which, it is to be hoped, we shall have not a few constantly in hand, be made a separate branch of the Department, and that provision be made accordingly.

Besides the Appropriation Bill and the few bills of a formal nature which will be submitted to you, there are several very important questions with which you will be called upon to deal. Of these, I would refer especially to the deepening of Dunedin harbor. Considerable attention has lately been bestowed upon this subject, and sundry professional reports thereon have been obtained.

It has been suggested that the work of deepening the harbor should be undertaken by a trust, out of money to be borrowed on security of harbor dues and of the Provincial revenues.

The Government has been requested to introduce a Bill for the constitution of a trust. Before taking any action in the matter, it is deemed advisable to ascertain your views upon the subject. There can be no question as to the benefits which would accrue from the proposed work, and proposals will therefore be brought before you with the view of immediately proceeding with it, either through a Trust, or directly by the Government.

While upon this subject, it may be observed that your resolution of last session, whereby it was proposed to reclaim 100 acres in Dunedin harbor as a harbor endowment, has not yet been acted upon, the limited supply of labor during the past year rendered it inexpedient to go on with the work. It is hoped, however, that labor may shortly be sufficiently plentiful to enable this reclamation to be prosecuted with advantage.

Copies of correspondence between the Otago University Council and myself will be submitted to you, from which it will be seen that, in the event of your consenting to the granting a suitable site on the old cemetery reserve, the present University building might be disposed of, and the proceeds applied to the erection of an edifice more suitable for University purposes, within the walls of which ample provision might be made for the residence of both Professors and students. The complete success of the University depends very much upon such provision being made, and I venture strongly to recommend the matter to your favorable consideration. Should you concur in this proposal, a Bill will be at once prepared to give effect thereto.

While upon this subject, I cannot refrain from expressing my regret that the Council and Professors have agreed to relinquish the powers and the status conferred upon the University by the Provincial Legislature, for the problematical advantage of being connected with the University of New Zealand. I can only hope that the result of the negotiations now pending between the two bodies may turn out better than may be anticipated.

Last session you authorized the erection of a Normal School for the training of teachers. The difficulty of procuring a suitable site has caused considerable delay in this matter. You will be glad to learn that this difficulty has been overcome, and that the building will be proceeded with at once. I need not say that much advantage may be anticipated to our educational system from having a regular supply of duly trained teachers, and from increased inspection. Notwithstanding the large sum voted last year for educational purposes, the amount has been found to be far short of our daily increasing requirements; and I am still of opinion that it would be a wise course to adopt my recommendation of last session, and to some extent, at least, to throw on posterity the burden of providing school accommodation, which is as much for the future as for the present.

An amount was voted last year towards a Geological Survey of the province, and you will no doubt be glad to learn that we have succeeded in engaging a gentleman who is eminently qualified to perform this service. Some time has necessarily been occupied at the outset on preliminary operations, but the systematic survey of the province is now being proceeded with.

In connection with the Geological Survey, Museum, and proposed School of Mines, you will be asked to vote a sum sufficient for the erection of a suitable building, the present accommodation in the University building being totally inadequate.

I desire to solicit your assent to a vote which will be submitted, with a view to providing for the province a Reformatory School, for the reception of children and young criminals, under proper classification, who cannot be admitted into the Industrial School without contaminating the inmates of that institution, which as a rule consist more of neglected than criminal children. Considerable difficulty has been experienced from the want of the means of separating the two classes. There is no portion of the public expenditure from which the province will reap a greater return than that devoted to the Industrial School, and I am not without hope that very shortly the institution will be to a large extent self-supporting.

In pursuance of the provisions of the Southland Waste Lands Act Amendment Act, 1873, the land in the Southland district has been classified, under which classification the district comprises 204,211 acres, which may be acquired at 40s. an acre, and 696,000 acres, which may be acquired at the rate of 20s. an acre.

There is also power to set aside not exceeding 30,000 acres in any one year for sale on deferred payments, at 25s. an acre. Out of the 204,211 acres of 40s. land, it is proposed to reserve from sale 102,800 acres, with the view of same being dealt with on the principle of deferred payment.

Last session, on my recommendation, you agreed to request the Governor to proclaim four additional Hundreds, situate on certain runs. So soon as the boundaries were defined by survey, application was made to have the Hundreds proclaimed. I regret to say, however, that after the lapse of six months it was discovered that the proposed Hundreds could not be proclaimed in consequence of the precise boundaries not having been defined, either in my recommendation or in your resolution. I need not say that it was impossible to have defined the boundaries more exactly than was done at the time; as it is, the precise delineation will be at once submitted for your approval, when it is hoped the proclamation will issue forthwith. The correspondence and opinions on this subject will be laid before you.

Your concurrence will be solicited towards the proclamation of further Hundreds. The proposed new Hundreds, together with some 60,000 acres which it is hoped will be opened on deferred payment during the year, with the further addition of various agricultural lease blocks throughout gold fields, will, it is expected, fully meet the demands of settlement for the time being.

Last session a Bill was passed by the House of Representatives extending the area of land which may be taken in any one year on deferred payment from 30,000 to 100,000 acres. This Bill was not passed by the Legislative Council. It is proposed to renew the application next session, and also to provide that where there are more than one applicant for deferred-payment sections, the selection will be submitted to auction.

I would strongly urge upon your consideration the expediency of raising the price of land, as contemplated under the provisions of the Waste Land Act. I feel persuaded that such a step, while it would greatly curtail land speculation, would in nowise check *bona fide* settlement. I submit that, with main roads and railroads penetrating the country in all directions, land is better worth £5 an acre now than it was worth 5s. when it was inaccessible. Certainly, if early settlers paid £2 an acre when there was not a road in the province, that figure cannot fairly be considered too high now. It appears to me that if future immigrants into the country, and those who will be from year to year gradually emerging from the labor market, as well as our children, are to have the opportunity of acquiring land, we are in duty bound to husband the public estate by raising the price, as has been done in the case of the Southland district, and, so as to assimilate our terms to those of the neighbouring province of Canterbury.

Another question of vital importance to which I would solicit your attention is that of water rights on the gold fields; a very serious conflict is impending between the mining and other interests in respect to this matter. The Executive Government has been appealed to, but does not see that it would be justified in allying itself with any one interest in the province as against another.

The whole question is exceedingly embarrassing, and I confess I can see no satisfactory solution of it unless by mutual compromise and concession on the part of the various interests concerned.

If in your wisdom you can devise any means of meeting the difficulty, I shall be glad. The subject is one which can be dealt with authoritatively by the Colonial Legislature only, with whom your views would, no doubt, have considerable influence.

The enormous demand for timber which has of late years sprung up has attracted attention to the value of our forests, and to the importance of conserving and utilising them. The subject is at present engaging the attention of the Colonial Government, with a view to legislation by the General Assembly.

In the meantime the folly of free-granting the forests, containing as they do timber worth thousands of pounds an acre to be turned into charcoal, has so forcibly presented itself to my mind that I have allowed the provisions of the Special Settlement Act to stand very much in abeyance, a course of action in which it is hoped you will concur, the more especially as the number of those who have applied to take advantage of the Act has been almost nil.

There can be no question that this province possesses in its forests a mine of wealth, the value of which it is difficult to estimate, and which, as population increases, will no doubt be turned to profitable account.

Next to conserving our forests, perhaps the most important problem to be solved at the present time is how best to deal with the auriferous lands of the Province. As you are aware, all lands, the freehold of which is now being acquired from the Crown, is liable to be resumed for mining purposes. The question which it behoves us seriously to consider, is—how is the gold to be extracted without destroying for ever the surface of the soil, and without the footstep of the alluvial miner leaving desolation behind it? No one who travels through the gold fields can help being struck with the many fertile spots which have been rendered barren.

My own strong conviction is that the only practical remedy against the evil for the future is, that the miner should possess the freehold of the land in which he is mining. In this case he would have a strong inducement to preserve and replace the surface soil. No doubt this suggestion is surrounded with practical difficulties. They are difficulties, however, which I venture to think might be overcome; and I feel assured that, if the miners could see their own interests they would unanimously petition the Legislature in this direction. Were this suggestion given effect to, there would be no necessity for miners' rights, gold fields, staff, or gold duty.

In what has been said, I hope I shall not be regarded as seeking to underrate or depreciate the mining interest. What I desire is to attach the mining population to the soil, to give them an interest in preserving it, so that it may produce to themselves and those who succeed them, golden grains in all time coming, after the precious metal shall have been extracted.

Last year I submitted to you a proposal, by which the Dunedin Lunatic Asylum might be rendered to a great extent self-sustaining, and the personal comfort of the patients, as well as their chance of recovery, promoted; the subject, however, seems to have escaped your notice. I venture to hope that you will this session enable me to carry the proposal in question into effect. If so, provision can at the same