the latter system, to take up a further area at the end of his term of occupation notwithstanding that the greater portion of his former selection may at the time be uncultivated and unimproved. This is a privilege which it is to be feared is open to much abuse, and should, it is thought, be discountenanced."

Westland is the only other land district in which the Homestead system may be applied, but as yet the Land Board have not set apart Blocks for selection.

On the Deferred Payment system there have been during the twelve months, 1656 applications made and 405 approved, covering a total area of 60,249 acres. In Taranaki, 70 applications have taken up 7,193 acres. The Commissioner points out that this is less than, 131 applications, and 11,211 acres, the business for the previous year, and the falling off he says "is to be attributed to the extremely high terms imposed on licensees under the 'Land Act, 1877.' These terms, though perhaps not pressing too heavily on occupiers of open land, are yet all but prohibitory to intending settlers in forest districts"; as a proof of this, he reports that no section wholly covered with bush has been taken up under the Land Act, 1877.

The other successful applications, on the Deferred Payment system, viz:—335 covering 53,056 acres, were all in Otago and Southland. By the Land Act, 1877, the Deferred Payment system was legalised for the whole Colony. As yet it has had no application in Auckland, Malborough, or Canterbury, but as it is soon to be tried in one or more of these districts, it will be worth while to review shortly its working and results in Otago—the Provincial District in which it has had most development. It was first brought into operation in 1873, and in its inception was meant as a boon and encouragement to families who had not the money wherewith to buy land, but had the labour and the will to cultivate it, and the management to make the land pay for itself. At first the price was fixed at 25s. per acre, payable in twenty half-yearly payments of 1s. 3d. per acre, or, at the option of the selector, six such half-yearly payments with the balance of 17s. 6d. at the end of the three years. In the case of two or more applicants making selection of the same piece of land, it was decided by ballot who should have it. The conditions of residence and improvement were nearly the same then as now. As there was a great demand for land on these terms, the choice sections were invariably over applied for, and the obtaining of land became so much a lottery, that many instances occurred of persons incurring the expense time after time of making long journeys to examine and select land without ever having the luck to draw successfully. It was also noticeable that this element of chance and uncertainty was very distasteful to many suitable persons who did not apply at all. In 1875, the ballot was superseded by the auction system, so that under it there is the certainty of a selector getting his choice, provided he bids the highest The introduction of the auction system, has no doubt been a partial departure from the original principle of helping the man of small means to a farm. For the land, wherever suitable for farming, is now so keenly sought after, that the Commissioner reports it fetches from £3 to £10 per acre, that is, twenty half-yearly payments of 3s. or 10s. per acre before the land is Crown Granted, or as the law now stands, the option of twelve half-yearly payments with the balance at the end of the six years. Of course, no one can pay the higher price unless there is considerable capital at once available to cultivate and improve the land. The residence and improvement clauses, and the restriction of the area within the limit of 320 acres, most effectually prevent anyone from buying up the Crown Lands in large estates. In the system as now in force, the Government just take the same position with regard to the Crown Lands that large proprietors do when they subdivide their estates, and as an inducement to buyers offer to receive payment by instalments. The system has been largely availed of by pushing labouring men and by small settlers from the early settled districts, who have sent forth their sons and daughters, and in some instances have sold out and gone themselves, to have a fresh start with more scope. In this way a very superior class of settlers have spread over and occupied the country beneficially to themselves and to it. No other system that has been tried has so effectually secured this desirable result.

It is necessarily an expensive system to work, each settler being in communication with the Land Office for several years, and Rangers have to be stationed to see that the conditions are fulfilled on the ground. There have been proposals to relax the conditions. It should be distinctly understood, however, that there can be no departure from the residence and improvement clauses, and that a person can only exercise the privilege once of obtaining land in this way. The conditions are generally very fairly fulfilled and very few forfeitures have had to be enforced. The areas enumerated under "Total Land Forfeited" have been relinguished as a rule voluntarily by persons, who after selection, decided not to occupy.

On agricultural lease, 212 applications were approved for an area of 29,338 acres. This system of settlement is only in operation within the area of the proclaimed Gold Fields.

In Otago, it has had a very extensive development; since 1862, nearly 4,000 applications have been approved, covering 235,000 acres. The main features of the system are a lease at the rent of 2s. 6d. per acre, running from three to seven years, at the option of the lessee with right to purchase after three years, provided certain easy conditions of improvement have been effected, and the Government do not determine the lease, in the latter case, which is a very rare occurrence, the value of any improvements made, are paid to the lessee. Upon the whole, this system has answered well, and under it much the greater part of the interior settlement of Otago has taken place. There is no residence clause, and consequently it is much more popular on the Gold Fields than the Deferred Payment system. For anyone may quite legitimately take up land without any intention of settling on it, or a party of applicants may combine and convert a Block into a small run or grazing farm. In this we have what may be termed the abuse of the system, for the selection of Blocks is generally made on the plea of their adaptability to agriculture and the settlement of people on the soil. The agricultural lessee has the option at the end of the three years, of exchanging the agricultural lease for a Deferred Payment license. Forty-two settlers have availed themselves of this in the twelve months ended 30th June, 1878. By this exchange the rent becomes an instalment of the price of the land. This, together with the effect of the Crown Lands Sale Act, 1877, raising the Deferred Payment land to £3 per acre, has given the agricultural lessee much the more favourable terms of payment. A comparison of the two systems taking the minimum payments, that a selector is liable for under each system, will show this:—The Deferred Payment selector must make twenty half-yearly payments of 3s., in all £3.