

Liabilities or Engagements.

	Primary Educa- tion Reserves.	Secondary Educa- tion Reserves.	Total.
	£ s. d.	£ s. d.	£ s. d.
Overdraft, Bank of New Zealand	67 8 0	...	67 8 0
Due to Secondary Education Account	391 7 3	...	391 7 3
Sundry accounts, due 31st December, 1880	19 7 6	60 2 6	79 10 0
Balance	...	109 4 9	109 4 9
	478 2 9	169 7 3	647 10 0

AUDITOR'S CERTIFICATE.—I hereby certify that I have examined the above statement, compared it with the vouchers, cash-book, ledger, Bank pass-book, and other documents connected therewith, and find them correct, and according to law.—W. A. SPENCE, Auditor, 12th April, 1881.

OTAGO.

SIR,—

Dunedin, 20th April, 1881.

In pursuance of Order in Council of date 17th December, 1878, and in accordance with Circular No. 66, dated Wellington, 28th December, 1880, I have the honor to forward report of the School Commissioners of the Provincial District of Otago for the year ended 31st December, 1880.

In the early part of the year, His Excellency the Governor appointed Mr. W. H. Pearson, Commissioner of Crown Lands, Invercargill, a School Commissioner, in place of Mr. John Bathgate, who was absent from the colony.

The Commissioners, with a view to facilitate the disposal of farms on Run 88, Wyndham, decided to co-operate with the Board of Governors of the Otago Boys' and Girls' High Schools, and other bodies interested, in forming a road from Waipahi to Wyndham, through the same, for which purpose they voted a sum of £500.

The Commissioners have caused the Secretary to find security to the extent of £1,000 for the faithful discharge of his duties.

The following sums of money were paid by the Commissioners during the year, on the basis of population, viz.:—

Primary reserves rents (on hand on 1st January, 1880, and received up to 30th September, 1880, after deducting expenses of management, &c., in proportion to receipts),—

Otago Education Board	£5,393 15 11
Southland Education Board	1,390 0 11

Secondary reserve rents, for same periods,—

Otago Boys' and Girls' High Schools... ..	203 7 9
Southland Boys' and Girls' High Schools	52 8 4

On the 31st December, 1880, the following sums were available for distribution, and have since been paid to the above-mentioned bodies, on the basis of population:—

Primary reserves rent	£3,695 12 1
Secondary reserves rent	555 14 8

During the year, the Commissioners leased 24 town, 24 suburban, and 13 rural sections in different parts of the provincial district, at an annual rental of £478 13s. 8d. They also leased Run 208, Wairaki (the license of which was abandoned by the Crown tenant), for 14 years, in three subdivisions, at an annual rent of £418 8s. 11d.; being £204 8s. 11d. in excess of rent formerly paid. They also leased Run 88, Wyndham, for one year, at £80. The Commissioners let this run in one lot, in consequence of failing to procure tenants for the smaller areas into which it was divided. In connection with this matter, I beg to refer you to the following paragraph in last year's report:—"In March, 1879, they surveyed Run 88, Wyndham, into fourteen farms, of from 191 to 809 acres, with a view to leasing them. They regret to state, however, that only one section has been taken up, notwithstanding the fact that they were submitted for lease by auction on two occasions after being well advertised. The Commissioners intend to lease the whole of the run in one lot for pastoral purposes, on short lease."

The Commissioners have had under consideration a Bill for presentation to Parliament at the coming session, empowering them to sell education reserves where deemed advisable. They would desire to call your attention to the absolute necessity that exists for such power being granted, a necessity which has been forced upon them after repeated failures in endeavouring to lease certain reserves to adequate advantage under present arrangements. A widespread opinion exists in every part of the provincial district that the settlement of the country is retarded by the large blocks of land comprised in education reserves being to a great extent locked up. Doubtless a certain portion of the reserves is only fit for pastoral purposes; but the great bulk of the runs would sell to advantage if put into the market from time to time as required, and on terms which would come within the reach of *bonâ fide* settlers, thus securing the profitable occupation of the country. With judicious management, the proceeds of such sales would far exceed the rent which is at present derived from the reserves, or indeed that which is likely to accrue in the future under the present system. I append hereto draft of the Bill, which the Commissioners trust will meet with your approval and support.