380 acres of education reserve, which have been improved, but, of course, cannot be sold, but may be leased. Several hundred acres of this block are now being fallen, preparatory to burning off and laying down in grass.

The opening out, and subsequent sale on deferred and immediate payments, of Pahiatua, Kiwitea, Fitzherbert, Ngamoko, and other bush blocks were conducted in a similar manner, and with like satisfactory results as in Kairanga blocks.

Settlement Conditions.

A reference to Table No. 3 will show that the 1,310 selectors who have taken up 165,364 acres on the various systems of agricultural and pastoral deferred payments, agricultural lease, and homestead, are very fairly distributed throughout the colony. Thus, in Auckland—the only land district where all three systems are in vogue—178 selectors took up 25,886 acres. In Taranaki and West Coast (North Island), 295 selectors took up 24,536 acres. Otago and Southland, as in former years, have taken the lead in the disposal of land on settlement conditions this year, with 416 selectors, who have taken up 88,958 acres. In Southland alone, 201 selectors have been settled on 30,015 acres. A considerable number of these were attracted by several fine blocks in the Aparima Valley, north of Otautau. The railway was extended up from Otautau towards the Nightcaps coal field, and simultaneously the land was surveyed along its course and offered on deferred payment. It has all been taken up, and, virtually, a new district has been called into existence. This extensive settlement on the Crown lands in Otago and Southland has been effected, notwithstanding that many large private estates have been open at the same time to purchasers on easy terms of deferred payment.

The primary object of the deferred-payment system on Crown lands is to prevent the acquisition of large blocks by any one purchaser, and to secure the residential settlement of the lands in moderately-sized areas. The system has been successful in that respect. Revenue is only a secondary consideration in this system; but even in that respect the results have been generally satisfactory, and the instalments of price well paid up. It is true that a number of deferred-payment selectors petitioned Parliament in the session of 1880, praying for relief on account of their having taken on themselves engagements in respect of the price of land which they found themselves unable to meet. Accordingly, a Parliamentary Select Committee was appointed, who, after considering the petition, recommended that those in default should have the option either of paying up arrears or of surrendering their licenses, on the understanding that, on surrender being made, the land and improvements on each holding would be valued by the Government, and then offered for sale by public auction at the upset of valuation. From the proceeds of sale the holder was to be paid for his improvements, and the balance to go to Government in payment for the land. At that time about 200 selectors were in default. Circulars were addressed to them embodying the proposal of the Committee, and in due course 64 selectors, representing 12,584 acres, made surrender. The land and improvements were accordingly valued, and recently offered for sale, and, of 64 properties offered, 59 were purchased, realizing £19,042 for the land; 54 purchases were for the original selectors, who have therefore been able to make arrangements that have enabled them to remain in their holdings; the other defaulters have elected to abide by the original terms.

This expedient of surrender and sale, devised to meet what was deemed an exceptional difficulty, exposes, no doubt, the weak point of the deferred-payment system, which is, that the ease with which land may be obtained under it tempts some to enter on the possession of land before they may have sufficient capital, either to withstand any unforeseen emergency, such as the very low price of oats and other agricultural produce which ruled for the last three years, or bear the heavy drain on resources that is inevitable in the first few years of settling on a farm. But if a few persons overreach themselves, the fault is not so much in the system as in their inexperience; just as in the system of cash payments, it is no slur upon it because some have involved themselves in difficulties by buying more land than they could profitably use.

The fact remains that under the deferred-payment system, since its introduction in 1872, many districts have been settled, that under the cash system would still have remained forest or sheep walks; whereas we now have had up to date 8,925 persons who have selected 894,095 acres, of which 259,550 acres have been made freehold by fulfilment of conditions; and each succeeding year will add by increasing quantities to the total area made freehold, as the ten years of each selector runs out.

It is very easy, however, to over-do the deferred-payment system in a district, because, as already stated, its tendency is to induce people to settle on land before they are ready. In such cases the settler's resource is to find occasional employment in his neighbourhood. It becomes, therefore, necessary, in opening land under this system, to consider the surroundings, and to have in view the evils arising from having too many of this dependent class of settlers brought together in the same district. As a general rule, about one-third of the area on deferred payment, and two-thirds on immediate payment, does very well in a large block. This was the proportion observed in the settlement of the Waimate Plains, also in Kairanga, and other bush blocks.

Village Settlements.

The system of dealing with Crown lands under this designation only became law on 1st January, 1880. As the name implies, a village settlement is a group of small holdings, generally