

Liabilities.

	Primary Education Reserves.	Secondary Education Reserves.	Total.
	£ s. d.	£ s. d.	£ s. d.
Primary Account due to Secondary Account ...	150 0 0	...	150 0 0
Debit balance on 31st December, 1885 ...	1 5 9	...	1 5 9
Credit balance, Secondary Account ...	...	123 3 2	123 3 2
Total liabilities ...	151 5 9	123 3 2	274 8 11

JAS. A. BONAR, Chairman.

E. T. ROBINSON, Secretary.

I hereby certify that I have examined the above statement of accounts, and, having compared the same with cash-book, vouchers, bank pass-book, and other documents, find the same to be correct.—W. A. SPENCE, Auditor. 2nd April, 1886.

OTAGO.

SIR,—

Dunedin, April, 1886.

In pursuance of Order in Council of date 17th December, 1878, and in accordance with Circular No. 84/17, dated the 12th December, 1885, I have the honour to forward report of the School Commissioners of the Provincial District of Otago for the year ended 31st December, 1885.

Sixty-seven new leases were granted during the year by the Commissioners in terms of "The Education Reserves Act, 1877"—namely, thirty-seven agricultural, seventeen pastoral, five suburban, and eight town sections—the total area being 12,947 acres 1 rood 28 perches, and the annual rental £649. Sixteen of these leases were for reserves the original tenure of which had expired; and the new rents show an increase of £15 6s. 8d. per annum. In five cases where the term of lease expired during the year the sections were again offered, but failed to find purchasers. During the year the Crown Lands Department, on behalf of the School Commissioners, sold 1,735 acres of agricultural land for cash, and 500 acres on deferred payment, at £2 and £2 0s. 5d. per acre respectively; the gross proceeds of which, amounting to £4,274 8s. 10d., were paid over to the Commissioners by the Receiver of Land Revenue, and invested on mortgage and fixed deposit, the mortgages bearing interest at from 6 per cent. to 8 per cent., and the fixed deposit 5 per cent. The Land Department also disposed of 715 acres on perpetual lease at an average annual rental of 1s. 8½d. per acre.

The Commissioners regret to report that, owing to the serious depreciation in the price of wool, mutton, and other farm produce, the majority of their tenants, both agricultural and pastoral, have experienced the greatest difficulty in paying their rents, and in a number of instances are utterly unable to do so. A number of reserves (including runs) were taken up about four years ago at very high rents, in anticipation of the frozen meat and grain markets being high: instead of such being the case, however, these products have fallen very much in value, and in consequence the tenants find it impossible to pay the present high rents. The Commissioners would recommend that during the ensuing meeting of Parliament an amendment be made to "The Education Reserves Act, 1877," giving them power in certain cases to make reduction in rents. They are constantly receiving applications from their tenants for reductions, but have no authority under the Act before mentioned to make any concession. They are convinced that the circumstances of a number of such cases render a reduction advisable, and several cases of extreme hardship might be relieved by a temporary reduction. They consider that a similar power to that conferred on the Church Board of Property by clause 21 of "The Presbyterian Church of Otago Land Act, 1866," would meet the requirements of the case.

In addition to making the payment of rents a matter of some difficulty, the present depressed state of agricultural and pastoral interests has reduced the demand for land of both classes to a considerable degree. During the year the Commissioners offered 6,772 acres of agricultural land in the Waikaiti District for fourteen years' lease, in suitable sized areas, at the low upset of 1s. 6d. per acre per annum, without restriction as to residence, &c.; but they only succeeded in leasing 1,801 acres. They also subdivided a block of about seven thousand acres in the Wyndham District (the lease of which had fallen in) into fourteen sections varying from 279 to 1,100 acres, and offered them for fourteen years' lease at an upset of 2s. per acre; with the result that only two sections, containing 599 acres, were taken up.

The Commissioners regret to have to report that the list of outstanding rents on the 31st December is much larger than it has been in any previous year, which is accounted for by the reasons mentioned in a preceding paragraph. Of the amount shown as in arrear, £1,480 represents half-year's rent on the Te Anau and Takatimo Runs, which sum has not been collected. A number of rents, and nearly all the interest for the second half of the year, became due in the latter part of the month of December, and were not paid in time to be included in the year's transactions. Of the sum of £4,617 6s. 7d. shown as in arrears on the 31st December, 1885, £1,393 17s. 10d. has been paid since that date, and a great portion of the balance will probably be paid during the present quarter.