

227 lessees, holding 34,288 acres, on a rental of £6,696 ls. 6d., or an average of 3s. 11d. per acre.

The working of these systems is attended with a great deal of trouble and expense, but they have undoubtedly been the means of spreading the population over the face of the country to an extent which the system of settling the land on immediate payments and without any condition of improvement could never have effected. One drawback common to these systems of easy acquirement of land is, that they induce some persons to engage in farming before they have sufficient means or experience to successfully cope with the expense and difficulties inseparable from the first few years of establishing a farm. The settler's difficulties, both in the settlement and freehold systems, are frequently aggravated by his having so much more land than capital that his energies are often dissipated in the attempt to do too much, ending in total or partial failure. In the special settlements this evil is guarded by restricting the area for each settler within the limits of fifty to a hundred and fifty acres on deferred payment, and of one to two hundred acres on perpetual lease. There is the further advantage under the special settlements that the price of the land is fixed, and cannot be increased by competition, contested applications being decided by lot. Under this system four settlements have been recently established, two in the bush near Danevirke, and two in the Forty-mile Bush, on the Tiraumea River, comprising in all 16,820 acres among 158 settlers, or a little over 106 acres each. And there are now under survey in the Wellington, Hawke's Bay, and Auckland Land District ninety thousand acres for about eight hundred settlers. The greater part of these surveys are all but complete, and the allotment of sections should be made at an early date. Another provision acceptable in the special-settlement scheme to many persons is that of allowing the residence conditions to be fulfilled by registered substitute. This enables town residents to take up land and have it in preparation and improvement against the time when it will be convenient for them to remove to it. As a good deal of latitude has been allowed the various associations in selecting the best lands for special settlements, in addition to other encouragements, it will devolve on the department to see that all the residence and improvement conditions are faithfully fulfilled, and the country rendered productive, so that the settlement of the adjacent lands may not be hindered, but proceed in due course.

The deferred-payment system has been, including the four special settlements just referred to, availed of during the year by 581 selectors, taking up 58,451 acres.

The Land Act, by allowing capitalization of instalments after the first year, has conferred a great boon on deferred-payment settlers. During the year 345 settlers, holding 52,060 acres, capitalized £80,639 of deferred-payment instalments into a capital sum of £68,804, bearing interest at 5 per cent. This and the similar operations of former years materially diminishes the revenue for the time being. On the other hand, it is certain that but for capitalization many of the settlers would have had to succumb who, by this relief, will succeed in meeting their engagements. It is mainly due to this cause that the sum of the payments in arrear is less now than what it was twelve months ago, although the number of settlers is greater. An analysis of the arrears shows that they are by no means formidable: on the 31st March last 1,525 settlers were in arrear £32,130, or an average of £21 each; but, as the greater half were in arrear only one payment, and these payments are due six months in advance, it will be seen not to be a very serious matter.

PERPETUAL LEASES.

During the year 138 settlers took up 28,166 acres, at a rental from 1s. to 2s. 9d. per acre. In all, including former years, there are now 328 settlers, holding 81,934 acres on perpetual lease. This system is gradually coming into favour as it becomes known, but the preference with the majority of settlers is still in favour of the deferred-payment system.

VILLAGE AND SMALL-FARM SETTLEMENTS.

Sixty-nine settlers have during the year occupied 527 acres, or an average of seven acres and a half each, on conditions of residence and improvement; and seventy-eight settlers have bought for cash 295 acres, in sections varying from a quarter of an acre to thirty acres, the only restriction in these cash-purchases being that no one is allowed to purchase more than one section. The establishment of village settlements throughout the districts of the colony is of the greatest importance in the interest of a very numerous class, who, dependent on daily labour for subsistence, have seasons of no work, when their savings disappear.