

scenery of the West Coast sounds. It will always be one of the halting-places of the tourist, and probably the residence of a considerable population, drawn to it by the needs of travellers, and by its suitableness as a retreat for those who desire to enjoy quiet in the midst of natural beauty.

Perceiving all this, the Commissioners, who hold in their hands what may be called the key to the lake, came to an agreement last year with the lessee of the pastoral land on its borders for the resumption on certain terms, subject to the approval of Parliament, of 2,000 to 5,000 acres suitable for settlement. A Bill was prepared to give effect to this arrangement, but, owing to an unfortunate misunderstanding of its real purport, it was not introduced in the House of Representatives. The Commissioners would strongly urge on you the extreme desirableness of this matter being dealt with in the ensuing session of Parliament, as, from its being postponed, the interests of settlement, and the convenience and enjoyment of the public, have been largely hindered.

It appears desirable, in order to remove misconception, that the circumstances should be explained in which the Commissioners appealed to Parliament to pass the Bill drafted to promote settlement on the Te Anau Run. The Commissioners had not a free hand in this matter. The Messrs. Ellis Brothers have a lease of the country which will not terminate for eight years. Without their concurrence, therefore, no land on the run could be taken for the purpose of immediate settlement, and the Commissioners were compelled to offer concessions which they would not have been disposed to make had not the tenants been, so far, masters of the situation. The Commissioners made the best bargain in their power, and yielded something under the desire to hasten, for reasons explained, the opening-up of the land. The matter is now open for readjustment, and the Commissioners entertain the earnest hope that a settlement will not be much longer delayed.

I have the honour to ask your consideration of a letter (of which copy is hereto attached) addressed by me to the Hon. the Minister of Lands, and dealing with and rebutting certain charges, made in Parliament and by petition, against the administration of the School Commissioners. I make this request fearing the possibility of such charges being repeated in the coming session, and because I think it right that you should be reminded how fully they have been already met.

Of the sum of £4,582 8s. 8d. shown in the statement of accounts as rents, &c., in arrear on the 31st December, 1891, £1,393 2s. 9d. has been collected since that date. As explained in previous reports, all rents are debited half-yearly in advance, the greater part being charged between the 1st November and the 30th December, and it is easy to understand that in these circumstances a large amount will fail to be paid until after the close of the year. The Commissioners are taking active measures in regard to outstanding liabilities, and hope to have the amount of arrears materially reduced during the current year.

And while on this subject I desire to point out that, while the Commissioners are fully alive to the necessity of securing due collection of the revenues of the trust, they are unwilling to bring such pressure to bear as might harass or oppress struggling tenants, and so inflict injury on settlement—an interest which they consider it to be one of their functions to promote. The Commissioners feel that a justification of this leniency may be found also in the consideration that yearly improvements are increasing the security for the ultimate payment of overdue rents.

In explanation of the large sum appearing in the balance-sheet as expenses of management, it is right to state that £205 9s. 4d. was paid to the Southland County Council on account of roads; further, that £207 1s. 3d. was expended on the construction of a tide-wall for the protection of the reserves at Clifton, near Invercargill—an outlay which will largely enhance the future value of the land, again, that £55 was expended in surveys, £73 12s. 9d. for the report previously referred to on irrigation, and £76 14s. 3d. on draining, fencing, and other permanent improvement of reserves. These items amount in the aggregate to £617 17s. 7d., and, being extraordinary, cannot be placed among expenses proper of the year's management. Besides, the sum of £39 6s. was collected for the preparation of leases, and falls to be deducted from the expenditure as above set forth. These amounts in reduction, taken together, bring the net expenditure proper for the year to £1,042 15s. 8d., or $5\frac{3}{4}$ per cent. on the total receipts.

It is to be noted also that £103 2s. 11d. was paid to the Government for railway-fares, stamps, and telegrams, and £46 0s. 2d. to County Councils, Road Boards, and boroughs as rates.

The balance-sheet and statement of receipts and expenditure during the year, certified by the Controller and Auditor-General, is annexed hereto.

The Hon. the Minister of Education.

I have, &c.,

J P MITTLAND, Chairman.

APPENDIX A.

The CHAIRMAN of the SCHOOL COMMISSIONERS to the Hon. the MINISTER of LANDS.

SIR,—

Dunedin, 26th May, 1891.

The attention of the School Commissioners of Otago has been directed to the report of a meeting of some of their mortgagors which was recently held at Riversdale for the purpose of petitioning the Hon. the Minister of Lands to make inquiry into the action of the Commissioners in declining to grant concessions to the said mortgagors.

As a statement was made at the meeting to the effect that the Commissioners had ignored all applications for redress, and as clause 8 of the petition which was drafted at the meeting alleges that the petitioners have approached them in every possible way without success, I have been requested by the Commissioners to send you the following copy of extract from their report which