was sent to the Minister of Education on the 29th May, 1890, and which I have the honour to ask you to peruse when considering the petition from settlers in the Wendon, Wendonside, and Hokonui Districts:—

Extract from Report of School Commissioners of Otago for Year ending 31st December, 1889

Understanding that representations have been made to the Government that, while the Land Boards have dealt fairly and liberally with deferred-payment selectors and perpetual lessees in reducing the price of their lands, the School Commissioners have given no consideration to the occupants of lands under their control who have purchased their sections for cash, but, on the contrary, have acted harshly and unfairly to them in refusing to reduce the capital value of their holdings, I now take the opportunity of bringing the whole of the facts under your notice, with a view to justify the School Commissioners' management.

As stated in the Commissioners' report of their proceedings for the year 1888, petitions were received from the mortgagors of education reserves, originally purchased for cash, from the Land Department, for reductions in the unpaid balances and in response to those petitions the School Commissioners offered certain concessions to the petitioners in the shape of reductions in the rate of interest, but the concessions offered were not considered sufficiently liberal by the majority of the petitioners, and hence their complaints against the Commissioners' management.

In order to explain fully the position of the petitioners, it is necessary to inform you as to the exact terms upon which they hold their lands from the School Commissioners. These lands were originally part of the education endowment, and were sold to the petitioners for cash by the Crown Lands Department on behalf of the School Commissioners, in terms of the Land Acts of 1882 and 1885. A deposit of 25 per cent. was required to be paid at the sale, the balance being payable within one month therefrom to the Receiver of Land Revenue, the amount of purchase-money after deduction of 5s. per acre for cost of survey sale, &c., being then handed over to the School Commissioners by that officer, and the title issuing to the purchaser from the Commissioner of Crown Lands.

In order to enable intending purchasers to pay for the land, as well as to secure an investment for the proceeds of sales, the School Commissioners, prior to the sale of the land, advertised that they were prepared to advance two-thirds of the purchase-money on mortgage at 6 per cent. interest for a term of five years.

The petitioners elected to take advantage of this offer and they paid to the Receiver of Land Revenue the difference between their deposit (one-fourth of purchase-money) which they paid at the sale, and the margin of one-third required by the Commissioners. The School Commissioners thereupon paid the other two-thirds to the Receiver, and took mortgages from the purchasers to secure its repayment.

It will thus be seen that the petitioners are in quite a different position from deferred-payment selectors or perpetual lessees—in fact, that they are the same as ordinary borrowers.

The cash sections were interspersed with perpetual-lease and deferred-payment sections also part of education endowment), which were sold by the Land Department at the same time on behalf of the School Commissioners.

The Land Department has, in terms of "The Selectors' Lands Revaluation Act, 1889," made large reductions in the price of these deferred-payment and perpetual-lease sections, and the petitioners naturally feel aggrieved that their neighbours should obtain their land on better terms than themselves. The School Commissioners, as already stated, having received a petition from cash purchasers for a reduction in the price of their sections, and being of opinion that in the majority of cases there was a certain amount of hardship in one class of occupiers having to pay more than others, decided to offer to reduce the rate of interest on the mortgages to all cash purchasers from 6 to 4 per cent. from the commencement of their loans and also to renew the loans at the end of five years for an additional term of seven years at the same low rate, this being equal to a cash reduction of about one-fourth of the purchase-money

It was considered unwise, in view of the fact that a number of cash purchasers had paid the whole of the purchase-money on the day of the sale, to make any reduction in price to those who had not completed their purchases, and the reduction of interest to such a low rate as 4 per cent. was considered a very fair concession and relief. Those of the petitioners whose interest had been paid regularly were entitled to and received credit for a considerable time in advance, on account of the 2-per-cent. reduction but others were so far in arrear that the reduction did not nearly clear off their arrears of interest. The Commissioners have reason to believe that the most of the petitioners would have been satisfied with the concessions offered had not one or two agitators induced them to take concerted action with a view of obtaining a reduction in the price of the land. The result of this agitation was that a petition was sent to the School Commissioners asking for a revaluation of the land.

In order to satisfy themselves as to its actual value, and to have the matter definitely settled, the School Commissioners appointed two of their number—viz., Messrs. J Walker Bain and James Green—a committee to personally inspect each holding. Both of these gentlemen have a practical knowledge of the value and capabilities of land, and they were accompanied by Mr J L. McDonald, the Commissioners' Agent for Southland, who is also an experienced valuer

The committee spent nearly a week during December last in visiting the petitioners' sections and investigating the circumstances of each case. The following figures give the result of the committee's valuation of the sections over which the School Commissioners hold mortgages:—