

the fact that nearly all the leases issued by the School Commissioners and the Land Boards vested in the Crown a reversionary interest in such improvements as felling and grassing. However, tenants of rural education reserves may now, pursuant to the provisions of the Education Reserves Amendment Act, 1927, surrender their existing leases and obtain in exchange therefor new leases perpetually renewable for terms of twenty-one years, with full protection at the end of each renewed lease for the then value of unexhausted improvements effected by the lessee. This will doubtless considerably improve the position, and it is anticipated that numerous lessees of education reserves will apply for conversion of their leases accordingly.

FORFEITURES AND SURRENDERS.

In the case of Crown areas held under permanent tenures the following forfeitures and surrenders occurred during the year :—

				Number.	Area (Acres).	Annual Rental. £
Forfeitures	..	..	..	342	161,639	10,950
Surrenders	..	..	..	130	179,305	7,131
Total	..	..	..	472	340,944	£18,081

The total forfeitures and surrenders represents 1.533 per cent. of the number of settlers holding permanent leases and licenses. The total area of 340,944 acres involved appears large, but it includes approximately 164,000 acres of pastoral-run country.

Forfeitures and surrenders of miscellaneous and temporary leases numbered 473, covering a total area of 108,822 acres.

RECEIPTS.

Receipts have been well maintained, the total from all sources (excluding, of course, Discharged Soldiers Settlement Account receipts) being £1,271,821, an increase of £26,483 on last year's figures. The sum of £343,982 was derived from ordinary Crown lands, £610,296 from lands held under the Land for Settlements Act (including Hutt Valley Settlement and Cheviot Estate), £142,121 from the national endowment, and £131,424 from the education endowment.

Cash received on the conversion of leaseholds to freehold tenure has shown a decrease of approximately £7,000.

The following table gives the relation of this freehold revenue to total receipts during the past five years :—

Year ending 31st March,		Conversions to Freehold.	Amount yielded therefrom. £	Total Receipts. £
1924	..	373	104,076	1,329,074
1925	..	341	98,344	1,272,724
1926	..	305	107,148	1,297,488
1927	..	304	76,570	1,245,338
1928	..	261	69,276	1,271,821

Of the 261 conversions to freehold during the year, 195 were in the North Island districts.

POSTPONEMENTS.

Postponements of payment of rent were granted to 276 tenants during the year, involving the sum of £27,107. At the 31st March £147,592 remained postponed on account of 1,099 tenants, as against £166,959 on account of 1,123 tenants at the 31st March, 1927.

ARREARS.

Rents in arrear at the 31st March amounted to £197,919, a decrease of £29,272 on last year's figures.

The following shows the position in regard to arrears of rent for the past five years :—

Year ending 31st March,					£
1924	..	..	..	..	544,448
1925	..	..	..	..	301,659
1926	..	..	..	..	222,148
1927	..	..	..	..	227,191
1928	..	..	..	..	197,919

REBATES.

For prompt payment of rent 19,450 Crown tenants were granted the usual rebate in terms of section 123 of the Land Act, 1924, and section 59 of the Land for Settlements Act, 1925. These rebates amounted to a total of £54,052.

NATIONAL ENDOWMENT.

Of the area in the national endowment, 6,698,329 acres were held under lease or license at the 31st March by 4,531 tenants, paying an annual rental of £137,251, while a very large area (partly, however, covered by existing leases) had been set aside as provisional State forests. For further particulars *re* the national endowment see parliamentary paper C.—14.

LAND-DRAINAGE OPERATIONS.

During the year ended 31st March last some 1,355,214 cubic yards of spoil were excavated by floating and dry-land excavators. In addition, 24,536 yards of rock and 13,271 yards of stiff clay and rubble were excavated. Full particulars of the various activities of this branch of the Department are given in Appendix III.

DETERIORATED LANDS.

Operations under the Deteriorated Lands Act, 1925, have been continued, and the three Committees which were at the 31st March still in the field in the Taranaki, Wellington, and Nelson Land Districts were approaching the end of their field-work. The Committees for the North Auckland,