

and improved-farm-settlement conditions, miscellaneous leases, and selections on lands-for-settlement conditions, which have increased considerably. The principal deficiency in revenue is from the perpetual-lease and deferred-payment titles made freehold, perpetual-lease and farm-homestead rentals, and survey-fees; the total decrease under these headings being about £14,700. This is, however, reduced by an increase of about £5,000 under most of the other systems; the net decrease under all being £10,257.

There are 2,554 selectors on the blocks, holding 579,687 acres, being an increase over last year's figures of eighty-two selectors, but a decrease in the net area held of 2,544 acres.

The deferred-payment and perpetual-lease holdings have been considerably reduced in number by the expiry of licenses and purchase of freeholds: these systems of the former Land Acts necessarily diminish in number, and the first must shortly disappear. There were only two conversions from perpetual lease to lease in perpetuity, and these were in village settlements. The occupation-with-right-of-purchase system shows a substantial increase, but the lease-in-perpetuity holdings, rural and village, are still the most numerous. There has been an increase in the number of village-homestead-settlement holdings to 477; the special-settlement deferred-payment selectors were reduced by thirty, representing the number of expired licenses. The farm-homestead holdings have diminished by twenty-six, chiefly in consequence of the abandonment of sections in remote and inaccessible localities. The improved-farm tenants show an addition of twenty-seven.

There is nothing noteworthy as to the other items, save that forty-one additional miscellaneous licenses for an area of 12,120 acres were issued, bringing the annual revenue under this heading to nearly £1,000.

*Cash Sales.*—During the year these amounted to 35 acres 1 rood 14 perches in ninety-one village-settlement and town lots, and 1,582 acres in six rural sections, or a total of 1,617 acres 2 roods 16 perches disposed of to ninety-seven purchasers. The townships and village-settlement lands are situated in the Townships of Taihape, Levin, and Mangaweka, and the Village Settlements of Makukupara and West Waitapu. The selections of rural lands comprised four sections, aggregating 1,560 acres, selected under Part III. of "The Land Act, 1892," and two lots containing 21 acres 3 roods 29 perches disposed of without competition—one lot as land of special value, and the other for the improvement of a fencing boundary.

*Native Townships.*—The Pipiriki and Tokaanu Townships, dealt with under "The Native Townships Act, 1895," have not been as successful as could be wished, but doubtless improvement in road-communication, the progress of settlement, and increase in population will improve the prospects. Potaka, Waikanae, and Ohutu Townships will be offered for lease this year.

*Forest Conservation.*—In furtherance of the proposals approved by the Land Board and referred to in the last report, 437,043 acres have been gazetted.

*Reserves.*—The efforts of the officers intrusted with the duties of registering and seeing to the vesting of reserves, in terms of "The Public Reserves Act, 1881," have been successful, and the work is nearing completion.

*Forfeitures.*—There has been a most satisfactory falling-off under this heading, which may be taken as evidence that the selectors remaining in the outlying blocks will in all probability retain and bring their holdings into profitable occupation.

*Surrenders.*—To carry out the recommendations of the Board, twenty-two surrenders were accepted, and three exchanges were effected. Petitions and applications for surrender of 139 holdings were considered and found incapable of acceptance or approval.

*Arrears.*—There are 216 selectors in arrear, to the extent of £2,197 18s., due to the extension of time specially allowed by the Land Board after careful consideration of the tenants' circumstances.

*Revenue.*—The amount received was £10,257 less than that for 1898–99, principally because fewer perpetual-lease holdings were made freehold. Notwithstanding, there is a steady increase in the annual rentals under the principal and more permanent tenures of the Act of 1892.

*Condition and Progress of Settlement.*—It is with very great satisfaction that I have to report that with few exceptions there has been considerable development and advancement in settlement, due in the first place to the opening-up of the country by roads (mostly effected by expenditure of funds provided by the Crown), and in part by the labour and capital expended by the settlers in clearing, grassing, fencing, and otherwise improving their holdings.

Regarding the west coast and inland country, 749 ordinary inspections were made by Ranger Lundius, 39 for transfers, and 32 forfeited holdings were resumed. The area inspected was 147,195 acres, improved to the value of £148,478, whereas £44,389 need only have been expended by the tenants. Though only 510 selectors were under compulsion to be in residence on the holdings inspected there were 560 in all resident upon the blocks. Nevertheless, 108 were in default in this respect, and 60 as to improvements, the deficit being £2,599. The excuses—admittedly fair ones—are the remoteness and inaccessibility to the holdings, and the strained or altered circumstances of the tenants; but in some cases want of enterprise and earnestness are the deterrent causes of non-compliance. The settlements are reported as progressing favourably; settlers' complaints are chiefly as to the want of dray-roads and better access to markets. The dairy factory and creamery at Raetihi and Ohakune respectively have been in full working-order, and have proved a great boon to the surrounding districts and settlers, where the residents complain of absentees' non-compliance as a great drawback to progress. The Pohonui-a-tane and Te Kapua Blocks, comprising the Hunterville Nos. 1, 2, and 3, Sommerville, and Palmerston North Knights of Labour Associations, are occupied by a good class of settlers, who have made considerable progress, and only await the widening of the bush-tracks into dray-roads to start dairying, an industry which has proved the great factor in establishing prosperous homesteads in other districts.

Successful settlements in the vicinity of the Rangiwahia and Ruahine Dairy Factories are the Marton Nos. 1 and 2 Farm-homestead Associations; and, so far as road-access makes it