

position they were in, the result being that eleven were made freehold during the year, representing a revenue of £1,786.

*Occupation with Right of Purchase.*—This system seems to have grown in favour during the year, as after deducting surrenders and forfeitures there is a gain of twenty-six selectors, representing an increase in area from 22,287 acres to 32,987 acres. The revenue has not, however, increased in the same ratio. This is accounted for by the reduced prices at which surrendered or forfeited lands were offered for reselection during the year. The reduced rentals will probably induce prompt payment of rents, and a more contented tenantry.

*Lease in Perpetuity.*—The gain of the occupation-with-right-of-purchase has been the loss of this system. The surrenders accepted under the revaluation already referred to gave the selectors who reselected an opportunity of again judging for themselves the relative merits of the several optional systems, the result being that cash and occupation with right of purchase were preferred to lease in perpetuity.

*Small Grazing-runs.*—The number of settlers remain as given last year; one section having been forfeited and another selected somewhat alters the area held. The arrears are also slightly less than formerly. At present there are indications that several of these leases may be surrendered during the coming year. In some cases this is not caused by excessive rentals, but through want of means and system in carrying on operations. These conditions can hardly be reckoned with by the department, but must be recognised in some way in favour of the settler, whose struggle in a few cases appears to be a hard one. The principal difficulty is the question of valuation for improvements; even a fair value seriously handicaps an area, and prevents selection by an outsider, while the original lessee sometimes occupies rent-free for probably a considerable time.

*Pastoral Runs.*—There were six runs taken up during the year, two expiries, and one forfeiture, leaving ninety-one holders still on the books. The revenue maintains its steady position, the great features in this class of settlement being prompt payment and no arrears. Revenue, £3,920, as against £3,745 for previous year.

*Small Holdings.*—The position of the village and village-homestead settlements under the various systems of tenure may be conveniently reviewed under this heading. Lease in perpetuity is the only system open to applicants except in 1-acre lots, where the applicants have their choice of the three systems. The increase in lease-in-perpetuity selections is thus only what should be expected. Steady progress is being made by these small holders, the Seaward Bush Settlement being conspicuous in this respect. There the limit in Block III. has been increased from 10 to 20 acres. Improved road-access has contributed to the progress of this settlement. The question of increasing the limits in several settlements has engaged the attention of the Land Board, with the result that the Government has been recommended to increase the limit in five settlements, while in three cases the land formerly village has been declared rural. The sum of £801 has been received in revenue, and the rents in arrears show the small total of £28.

*“The Mining Districts Land Occupation Act, 1894.”*—This system has been fully taken advantage of in the vicinity of Orepuki, miners and others trying to acquire as much as possible to enable them to make a home-farm along with their mining operations. The mining population has also been greatly increased by the presence of the shale-miners and the workmen now carrying out the erection of the New Zealand Collieries, Railway, and Oil Syndicate's works. The gold-miners, having been in advance of the syndicate's employes, have secured the greater part of the best building-sites in the district, hence a difficulty has arisen in making a township for these workmen. The Shale Company's lease is under the control of the Warden; the settlement therefore of this question of residence-sites and their operation for the year will no doubt be fully dealt with by him. Two holdings under this system were forfeited by the Land Board during the year, the reason being that the holders were not residing. It was fortunate these sections reverted to the Crown, for they are in the immediate vicinity of Orepuki Township, where land is valuable, difficult to obtain, and much sought after, principally for building purposes. I propose to have these sections subdivided into allotments, and thus practically extend the present township. I hope this will relieve the demand for building-space that exists at present.

*Timber.*—The revenue for timber has come in much better than anticipated when the estimates were made up. I then held the opinion that the new and old mills were supplied with the bulk of the timber required for the year, but the increased demand and the extra number of mills established altered this greatly. It will be seen that the revenue from this source is in excess of any return for the past eight years. Taking the receipts for this period, I find the royalties average £1,623 per annum, while the present year is £2,895. This is partly accounted for by new mills, increased royalties, and the demand which existed for building-timber during the year. The new mills referred to have sprung into existence through the increased prices arranged by the saw-millers inducing others to venture into the trade, the result being, it is now asserted, an output beyond the demand, and a consequent tendency to lower prices. These new mills having been built by men new to the business and without the connection of older established firms, a decrease in prices will tell heavily on them. As regards the number of mills in the district, and the quantity of timber approximately cut by each, the former shows an increase of six mills started, the number being now forty-eight as against forty-two for the previous year. The output has also increased in the same ratio—that is, from 35,000,000 to 40,000,000 superficial feet of timber cut for the year. I mentioned in my last annual report that the return for that year constituted a record, but this year exceeds the previous by 5,000,000 ft.