

right-of-purchase tenants at 207, with an area of 91,141 acres 3 roods 18 perches, and an annual rent of £3,882 11s. The arrears of rent under this system amount to £133 16s. 3d. The period of ten years which is to elapse before occupation licenses can be purchased is now beginning to fall due, and I anticipate that the holders of licenses will purchase very freely in Hawke's Bay as soon as they can legally do so. These purchases will tend to raise the territorial revenue, which has been somewhat lower than usual during the last few years, due no doubt to the falling-off of the purchases of perpetual leases. The Rangers have inspected 158 holdings, with an area of 65,789 acres and 38 perches, and report that 25,427 acres is in grass. The number of buildings is 116, valued at £6,673 10s. The required improvements are £24,518 15s. 11d., as against £71,488 7s. 6d. effected.

Lease in Perpetuity.—The number of selectors under this system during the year was three, with an area of 1,428 acres 1 rood 30 perches, and an annual rental of £41 3s. 6d. Two leases over an area of 572 acres 1 rood, with an annual rental of £14 11s. 4d., were forfeited; and two leases over an area of 1,428 acres 1 rood 30 perches, at an annual rent of £41 2s. 8d., were surrendered. The number of tenants now under this system is 177, holding an area of 100,112 acres 2 roods 21 perches, and paying an annual rental of £3,158 0s. 7d. The arrears of rent under this tenure amount to £13 17s. 11d. The Rangers have inspected 128 holdings, with an area of 70,821 acres, and report that 33,547 acres is in grass. The number of buildings is 134, valued at £5,239 10s. The required improvements are £31,965 12s. 2d., as against £82,969 5s. 6d. effected.

Small Grazing-runs.—During the year three selections, with an area of 9,790 acres, and an annual rental of £162 18s. 10d., were made. There was one forfeiture of a lease over 2,394 acres, with an annual rental of £43 7s. 10d. This now makes the number of small grazing-run lessees seventy-one, with an area of 211,316 acres 1 rood 14 perches, and an annual rental of £2,169 6s. 4d. There are no arrears of rent under this system. The Rangers have inspected thirty-three holdings, with an area of 118,185 acres, and report that 46,030 acres is in grass. The number of buildings is sixty, valued at £7,258. The required improvements are £9,978 12s., as against £102,385 effected.

Pastoral Runs.—There has been no change in the number of pastoral runs since last year; therefore the figures are the same as in last year's report—viz., seventeen holders, with an area of 134,991 acres 2 roods, and an annual rental of £713 3s. There are no arrears of rent under this system. It has been decided to accept the surrender of one pastoral run in the Wairoa County and subdivide it into small grazing-runs. I have no hesitation in saying that the subdivisions will be readily selected, and the successful applicants for the small grazing-runs will improve and cultivate the land to a greater extent than the pastoral tenant would, because under the former system the improvements are secured, while under the latter system the valuation allowed by the Act is very insignificant.

While on this subject I might mention that of recent date the improvements on three pastoral runs have been valued, and the aggregate value of the improvements is £9,593, as against £380, the total amount recoverable by the tenants at the expiration of their licenses under the provisions of "The Land Act, 1885."

Native Townships.—There are three Native townships in this district—viz., Te Puia, Te Araroa, and Tuatini. The selections in Te Puia were two, with an area of 13 acres 3 roods 14 perches, which now makes the number of tenants fourteen, holding an area of 88 acres 3 roods 29 perches, and paying an annual rental of £46 15s.

In Te Araroa there was only one selection, which brings the total number of tenants to twenty-four, with an area of 106 acres 2 roods 19 perches, and an annual rental of £69 15s. 6d.

In Tuatini three selections, with an area of 4 acres 2 roods 22 perches, were made, which makes a total of twelve tenants, holding an area of 25 acres 2 roods 22 perches, and paying an annual rental of £79 7s. 6d.

Progress and Condition of Settlers.—With a view of showing the progress, &c., of the settlers holding lands under the perpetual-lease, lease-in-perpetuity, occupation-with-right-of-purchase, and small-grazing-run systems, I might say that the approximate length of the fencing erected is 700 miles; and the improvements required to be effected by the tenants is £65,200 approximately, while permanent improvements to the extent of £270,000 approximately have been effected. The areas held by Hawke's Bay Crown tenants are chiefly utilised for the purpose of sheep and cattle raising, but the dairying industry is fast becoming one of much importance. In support of this I might mention that there are twenty-four butter-factories and creameries in the district, all of which appear to be kept fully employed. In the Poverty Bay district the average yield per cow per week for eight months in the year is 7 lb. of butter. The principal productions of the district are wool, mutton, beef, butter, maize, and barley. In many instances where the Rangers show that selectors are not residing they state that this is mainly due to the want of sufficient road access. Many of the settlers in Motu and Ngatapa in the Poverty Bay portion of the district, and portions of the Ngapaeruru Block in the Hawke's Bay portion, are badly in want of road access. I have to say that generally the tenants under the Land Acts comply well with the conditions under which they hold their leases and licenses, and rents are paid regularly without complaint.

Improved-farm Settlements.

There is practically only one improved-farm settlement in this district—viz., Waikopiro. Two sections of Akitio Settlement are situated within the Hawke's Bay Land District, but the greater portion is administered by the Wellington Commissioner.

Waikopiro Improved-farm Settlement.—There has been no change in the number of tenants on this settlement during the year; therefore the number of tenants is the same as in last year's report—viz., fifteen, with an area of 1,771 acres. An area of 1,338 acres has been felled, and