In reference to these Reserves, Mr. Alexander Mackay, Commissioner of Native Reserves at

Nelson, reports under date 5th March, 1870:-

" In the County of Westland, Reserves of the Class A. 2, included in Schedule (page 36), comprise in the aggregate about 3,536 acres, consisting entirely of lands set apart originally in 1860 for individual occupation and allotment for the Ngaitahu Natives, then resident on the West Coast of Canterbury; who, in 1865, on the discovery of gold in this district, were induced by the large demand that arose for the occupation of their lands for building and other purposes, to place them under the control of the Government, subject to the provisions of the Native Reserves Act, 1856.

"The principal portion of the Town of Greymouth is situated on the Native Reserve there; this Reserve comprises an area of 500 acres, 100 acres of which have been laid off into building allotments of various sizes, and nearly all the sections are now occupied by tenants producing a gross rental of

£3,000 per annum.

"The next important on the list of Reserves under the Act, are those situated at Arahura and Hokitika; these lands have been surveyed into small sections for gardens and agricultural purposes,

and the whole of the available in both cases is occupied for this object.

"There is a small Reserve under the Act containing about thirteen acres at a place named Okarito, a small port about fifty miles south of Hokitika; this block of land was laid off into building allotments and occupied for a time, but since the abandonment of that district by the mining population the land has been deserted, and at present is unproductive.

'Of the two Reserves up the river Grey that are under the Act, the one at Kaiata is occupied for agricultural purposes; with regard to the other, it was originally proposed to lay off a portion of it as a Township, but this was found impracticable owing to the land being so subject to inundation by

the rivers; and this cause also prevents it being occupied for other purposes.

"The gross rental produceable from the whole of the Native Reserve property in occupation by

tenants in the County of Westland, may be estimated at £4,000 per annum.

"The total amount collected from the estate since the 1st July, 1865 (the date at which the Reserve at Greymouth became occupied) to the 31st December, 1869, amounts to £14,361 19s 7d, while the expenditure for the same period was £10,366 9s 5d, leaving a balance to the credit of the Fund of of £3,995 10s 8d. £550 of this is in the Bank of New Zealand at Nelson, and the balance £3,445 10s 2d, is standing to the credit of the Fund in Public Account. In the accounts kept here, the proceeds derivable from the Native Reserve Estate at Greymouth are kept separate, as this Fund

is entirely distinct from the Native Reserve Fund at Nelson.

"Concerning the amounts chargeable on the Fund, £1,200 per annum is payable to the Natives having a beneficiary interest in the estate; and £100 is paid for salaries, £50 of which is payable to the Commissioner, being the proportion of his salary chargeable against the Fund; and the remaining £50 to the Interpreter, (Mr. John Greenwood) who acts also as agent and collector of rents to the estate for which service he receives a commission of five per cent on the amount collected annually.

'The proportion of the travelling expenses incurred by the Commissioner in visiting the districts

in which these Reserves are situated, is also borne by the Fund.

"It was originally arranged with the Native owners on the Reserves being brought under the Act, that a charge of ten per cent on the annual amount collected should be allowed to defray such expenses as cost of collection, and the Commissioner's travelling expenses; but as both these expenses, including also salaries, do not anything like absorb an amount equivalent to what such an annual charge would be, it may be fairly considered that the whole cost of management is under ten per cent on the annual net income.

"Of the expenditure already incurred, irrespective of the annual allowance to the Natives, a sum of £977 16s Od was expended by them prior to the property coming under the control of the

Commissioner.

"£508 was subsequently expended for the erection of houses for the Natives; £400 was borrowed by the General Government from the Fund in October 1867, to defray the cost of a suit then pending in the Supreme Court in the matter of the Princes Street Reserve at Dunedin. It was originally recommended that this sum should bear interest at the rate of eight per cent per annum until the amount was repaid to the Fund, but I am not aware that anything has been paid to the credit of the

Fund on this account, and I would suggest that this matter should be inquired into.

"£750 has been expended in aid of protective works along the banks of the river Grey, to preserve the property on which the Town of Greymouth stands from the inroads of the river. will necessitate a heavy outlay for some time to come; and as it is only fair that the Natives who are largely benefitted by the occupation of their land at Greymouth, should contribute towards the continuation and maintenance of a work so highly necessary for the preservation of their property, the General Government have authorsed the further expenditure of a sum equal to ten per cent on the net income for the current year as a contribution from the Fund to the Borough rates at Greymouth.

"£450 has been expended for the purchase of land at Hokitika for the Natives. An expenditure

of £426 has been incurred for clearing and forming streets.

'The sum of £888 15s 9d has been expended for surveying and subdividing the Reserves into building and agricultural allotments; this outlay at first glance may appear to have been unnecessarily large in proportion to the extent of land in occupation, but it is one that could not possibly be avoided in making the property available for occupation. A portion of this sum, amounting to £322 10s 0d, is repayable again to the Trust for the expense incurred in having a block of 2000 acres, and another of 700 acres in the Upper Grey, surveyed and subdivided into sections. The first named block was set apart originally to defray the cost of surveying the Native Reserves on the West Coast; and on

this land being sold, and sufficient proceeds realised, this outlay will be repaid to the Fund.

"The remainder of the expenditure consists of various incidental expenses consequent on the first establishment and subsequent management of the estate, such as plans, printing leases, and other necessary forms, clerical assistance, stationery, advertising, Commissioner's travelling expenses, commission on rents, and medical attendance for the Natives. Every year, however, will reduce the