

is proposed to hold what sheep are retained within this fence, and not to restock the back country for at least two years, and in the meantime to thoroughly scour it. A gang of men are now employed in this direction, with the result that some eight hundred wild sheep and stragglers (a number of which were scabby) have been already destroyed. All these sheep are now within fences; with the exception of a small flock at Mount Patriarch Run, which is a portion of the Tophouse Block, these sheep have remained clean hitherto, but I much fear that, when the adjacent rough country is scoured for wild sheep and stragglers, infection will follow. In fact, were this flock destroyed, the country would be safer. I have very little apprehension of any further outbreak. Should such occur, with the amended Act of last session the means to at once stamp it out are provided.

It is satisfactory to be able to report that the Clarence and Waipapa country, formerly the hotbed of scab, have both again stood the test of shearing- and straggling-muster. On the latter run, which contains some of the roughest country in the colony, most satisfactory work has been accomplished. The run has been subdivided by fencing, and prior to being restocked each block has been thoroughly scoured.

Hopefield, in the Amuri District, in Nelson, and other small places in the Sounds, all of which were open to doubt, proved clean at shearing-time. Of the islands, Arapawa, when scoured again this year, was clean; but on D'Urville's Island, near Port Hardy, a mob of stragglers were found, some of them scabby. There are only about fifty flock sheep on this island, owned by Maoris: they are in a paddock, and clean.

The most severe test the doubtful country has to undergo arises from the fact that Mr. W. Gibson, of Kaikoura, has restocked the country known as the Bui Bui, between Waipapa and the Hapuka Rivers. This is the run where all the sheep were destroyed in 1886, and compensation allowed by the Government. Since then a gang of men have been employed upon it and the neighbouring Crown lands, scouring the country and destroying wild sheep and stragglers. Altogether, some ten thousand have been killed; but no scab has been seen since February, 1887, on or near the Buibui; yet, when it is considered that no fencing has been erected prior to restocking, and that the whole of this bush country will again be overrun with the sheep now put on, it is quite evident a certain risk exists. So soon as the sheep have had time to spread over the ground they will be mustered at once to ascertain if they have picked up any stragglers that may have been left there, otherwise no further steps can be taken until the spring. I should have preferred that this run remained unstocked for another twelve months. The restocking of this country has necessarily caused the withdrawal of the gang of wild-sheep musters, but a certain expenditure in this direction will still be required next season at Tophouse, Red Hills, and D'Urville's Island.

There were 270 wild sheep and stragglers destroyed at Kaikoura between August, 1887, and April, 1888, at a cost of £671 0s. 5d., as against 8,500 previously at a cost of £4,361 2s. The last scabby sheep killed was at Bui Bui in February, 1887.

At Tophouse up to date about eight hundred wild sheep and stragglers have been destroyed, at a cost of about £250. The work of scouring will require to be continued here next spring as well as at D'Urville's Island. These are the only two places scab is known to exist, and only in the wild sheep.

The non-appearance of scab throughout the North Island during the past twelve months may be considered conclusive evidence that the disease is thoroughly stamped out there.

The bonus for keas during the year amounted to £62 10s. 6d. representing 1,712 beaks. I would recommend that the bonus of 1s. per beak be given by the Government, this, with the 6d. given by some of the County Councils, would tend to ensure more active efforts for their destruction; as it is the number of sheep destroyed by them is not so great as in former years. I consider this bonus well expended.

The alteration in the Act, in permitting all sheep shipped within the colony from clean districts to travel without certificates, has relieved the department of a great deal of unnecessary inspection without endangering the flocks.

In reviewing the report it will be observed that an actual decrease (although very small) of the number of sheep in the colony has taken place for the year ended the 31st May, 1887. It will be further noticed that this decrease is confined wholly to the Canterbury District, and can, I believe, be attributed in a great measure to the low prices of wool ruling in 1886 and part of 1887, together with frozen mutton during the same period, leaving a very small margin of profit. These facts induced farmers and some of the large owners in agricultural country to reduce their flocks, breed from a less number than previously, and put a greater area under crop.

The excess in the number of sheep boiled down and frozen leads to the idea that a large number of stock has been cleared. The short-shearing musters in the high country further shows that the severe winter and spring had told disastrously on the stock, while from the steady increase in the North Island it is evident that the available country is being improved and stocked: it is in this direction in future I look for our largest annual increase.

On the whole last season was decidedly unfavourable; very poor lambings were reported on the high country, especially in the south; in some cases not more than 15 per cent.; the clip generally light.

I can report the flocks throughout the colony healthy, and, again, as far as is known, free from scab, and I do not anticipate any further outbreaks if the unstocked rough country known to be infested with wild sheep is thoroughly dealt with.

I have, &c.,

BENJ. P. BAYLY,

Superintending Inspector.

The Hon. the Minister of Lands.