

*Forests—General.*—The Crown forests have been under careful supervision during the past year, and Rangers H. S. Wilson and Maxwell report that no fires have taken place in any of the forests under their charge during the year, and gum-diggers have given very little trouble. The large area of State forests reservation, amounting to 7,225 acres, lying on the main watershed between Otamatea and Whangarei Counties, over which fires in the past had so frequently passed as practically to denude it of all timber, has been leased in suitable sections under clause 232 of "The Land Act, 1892," and is being used for grazing purposes by adjoining settlers. Owing to the several sawmill companies having heavy stocks of kauri on hand, very little timber of this kind has been disposed of either from Crown land or State forests. The total sales of timber only amount to £3,672 (against £16,566 for last year), and of this amount only £1,207 is for scorched timber from State forests; and, though the Whangarei Railway has now been extended and opened to the Waiotū River, I do not anticipate any considerable sales of dead timber out of the Puhupuhi Forest during the ensuing year. Ranger D. H. Lusk's whole time has been fully employed in connection with timber matters on Crown lands in the Hauraki Mining District. Amongst other duties he estimated the clumps of kauri timber lying between Te Aroha, Katikati, and Waihi, which turned out to be over 20,000,000 superficial feet. He also surveyed four sawmill areas under the regulations in the same district. Ranger Lusk also made a flying survey of the Te Tipi Block (Crown land), to prevent timber-cutters from encroaching. He also visited and estimated most of the kauri clumps on Crown land in the Thames County, and compiled a forest plan showing the total available amount of kauri timber on Crown land unfettered by timber leases to be about 50,000,000 superficial feet. The Rangers' services were also placed at the disposal of the Land- and Income-tax Department, for purposes of giving evidence as to the value of kauri timber held by various companies and private owners. In the Hauraki district this amounted to 150,000,000 superficial feet still in private hands. Some progress has been made in the reservation of forest areas to act as "sponges" to retain the moisture, as set forth in your report of last year. An area of 7,750 acres in the Tutamoe Survey District, Hokianga County, was gazetted under this heading.

*Kauri-gum Reserves under "Kauri-gum Industry Act, 1898."*—Immediately this Act (which was passed last session of Parliament) came into force areas in every county in which kauri-gum was known to exist were laid out on the office records, and plans and descriptions prepared for Proclamation. The total area so reserved to date amounts to 41,257 acres, and wherever necessary I intend to have all corners of the reserves marked and flagged within the next few months. The principal counties affected by such reservations are Mongonui, Bay of Islands, and Hokianga.

*Expenditure of "Thirds" and "Fourths."*—Some ninety schedules have been furnished by local bodies for approval of the Land Board, and, after check, have been passed for payment, amounting to a total of £4,316.

*Town Areas.*—Only two townships have been subdivided and offered during the past year—viz., Mamaku, for cash sale, on the railway-line near Rotorua; and the Township of Kaimakau, at Kennedy's Bay, under "The Native Township Act, 1895"—the last-named being for lease, but found no purchasers.

*Land for Future Settlement and Disposal.*—The area open for immediate selection in the Land Guide totals 598,928 acres, much of it being inferior land, which will come in for close settlement, not only in the future, but is gradually being taken up day by day as the demand occurs. In addition to this there is only about 36,000 acres in the Mongonui County available for future subdivision, the balance of Crown land being all more or less known as gum-land, and operated upon more or less by gum-diggers. In the Bay of Islands and Whangarei Counties there is under 40,000 acres of additional available land; and here I would point out that between Purua, in Whangarei County, and Kaikohe, in the Bay of Islands County, there is over 100,000 acres of unadjudicated Native land (most of it of very good quality, and fit for settlement) lying waste and unused, whilst the settlers' sons around Whangarei cannot get land to settle upon. Hokianga and Hobson Counties have about 120,000 acres of Crown land still unsubdivided, and which is nearly all broken forest land, and requires to be roaded before being opened. Most of it is only fit for pastoral purposes, even when the forest is cleared. In Otamatea County the reclamation of the Tokatoka Swamp has produced very satisfactory results; but, as most of the land so drained is covered by a valuable kahikatea or white-pine forest, it is evident that this asset must be realised before the land is available for settlement. I am in hopes that arrangements will be concluded shortly by which this will be done, and some 10,000 acres will then be available for close settlement. The Manukau, Waikato, and Raglan Counties have practically very little Crown land left fit for settlement. The demand in Raglan County is unsatisfied. There is, however, the land known as the Te Akau Run, on the West Coast, which there is some probability of being able to acquire for settlement purposes in the near future. In the Thames and Ohinemuri Counties there are some 80,000 acres of available Crown lands, the greater portion being swamp, and requiring a very extensive drainage scheme to be initiated before the lands can be settled upon. Most probably the best way would be a local Drainage Board, with full powers of rating adjoining lands benefited by the expenditure.

The land most suitable for settlement in the coming and succeeding years is that recently acquired in the so-called "King-country," in Kawhia County, and to which the energies of the department are now being devoted. About 80,000 acres is now being roaded and subdivided into suitable sections, and I hope to have 20,000 opened for settlement by January, or soon after. It must be borne in mind that nearly all this land is covered with heavy forest, and is generally more or less broken by limestone formations, thus making the progress of road exploration and grading necessarily slow if anything like good grades are to be obtained. As this land is served by the Main Trunk Railway line it should meet with a ready demand, and carry shortly a considerable population, more especially if the freight rates are reduced, as proposed. There are still very large