

*General.*

Reviewing the reports and particulars as furnished by the Commissioners and Rangers, it is fair to conclude that on the whole the Crown tenants have complied as far as practicable with the conditions of their leases. Indeed, it may safely be said that the back-block settlers have manifested in the fullest degree true grit, energy, and industry under the most trying and disadvantageous circumstances. In concluding these remarks upon the position and progress of settlements, I have to state that in next year's report an endeavour will be made to obtain fuller information as to their progress, condition, and requirements, the occupations and productions of the settlers, the development of the pastoral, agricultural, and dairying industries in the various districts, together with information and particulars upon other points, so as to afford a clearer conception of one of the most important sections of the community.

*Pastoral Runs.*

There are 741 licenses under this system, covering an area of 11,464,152 acres, and returning an annual revenue of £75,032. The country so occupied, principally in Canterbury and Otago, and, in a lesser degree, in the other Middle Island land districts, is only suitable at the present time for grazing sheep. The terms of the licenses never exceed twenty-one years, and frequently are much shorter. The runs are subject to re-classification, alteration of boundaries and areas, and disposal afresh by public competition at auction. The licensees have not always been fully protected or compensated for the improvements they effected. The inevitable result is that this great producing area has not been improved, cared for, or treated so as to enhance its value and make the most of its capabilities. In many districts the tenants have confined their attention to firing the tussock and other vegetation so as to procure fresh feed for their stock, and little or no effective or systematic attempt has been made to supplement the native pastures, which have, to a large extent, been destroyed or deteriorated. Now that the great bulk of the pastoral lands comprise little surplus low-lying country which could be diverted to closer settlement, it is worthy of consideration whether this valuable and important portion of the public estate might not be dealt with in a manner more conducive to public and private interests.

*REVENUE.*

The report of Mr. Runcie, the Auditor of Land Revenue, attached, contains full and interesting tables regarding the amount and details of revenue. From these it will be seen that the amount of revenue received by the Department from all sources was £427,138 14s. 7d., which is £4,199 18s. 8d. less than that of the previous year. The Auditor points out that there was a falling-off in the receipts from cash sales of £11,670 and of £10,251 under the heading "Conversions of Perpetual Leases to Freeholds." Analysing the revenues of the several land districts, it will be seen from the table "Receipts of Territorial Revenue" that Auckland is credited with an increase of £2,927, Westland £245, Otago £826; and on the other hand there are decreases of revenue in Taranaki, Hawke's Bay, Wellington, and Marlborough, ranging from £6,076 to £7,241, with lesser amounts in Nelson, Canterbury, and Southland.

Inspection of the Auditor's table of "Gross Receipts" shows clearly where the increases and decreases of revenue have occurred under the various systems. The largest increase is land for settlements, £17,272, and State forests, £2,273. The deficiency of revenue, on the other hand, is made up of the item previously mentioned—viz., territorial revenue, £20,584; North Island Main Trunk Railway area receipts, £2,779; thermal springs, £1,236; with several similar items under other headings of no great importance.

A more particular examination under the chief headings indicates that an increase of revenue occurred in miscellaneous of £5,122, and that the reductions of revenue under cash land sales amounted to £19,218, deferred payment, £2,140, pastoral and miscellaneous rents, £1,337, perpetual lease, lease in perpetuity, occupation with right of purchase, and small grazing-runs, of £3,010.

*ARREARS OF RENT AND INTEREST.*

There are 18,521 Crown tenants under the various systems of tenure, occupying an area of 16,175,747 acres, and liable for an annual rental of £327,747.

The arrears on 31st March, 1902, as set out in Table 45, show that 2,061 tenants, holding 629,059 acres, were indebted to the Crown to the amount of £23,575. These figures do not include current half-year's instalment, which, it must be remembered, should be paid in advance.

Excepting the perpetual-lease tenure it will be observed that the largest arrears occur in the newer systems, or in those chiefly favoured by persons of humbler means and less experience. This result was to be expected, inasmuch as the newer selections necessarily cover the more remote and rougher lands from which the removal of forest, &c., involves outlay and time before any returns are procurable. Other causes which militate against prompt collection of the revenue are poor or unprofitable holdings, and losses due to floods and fire, besides accidents, sickness, misfortune, and other troubles which affect the operations and returns of the settlers. Each case is considered and dealt with by the Land Boards on a review of the special circumstances affecting it. The arrears on the Cheviot Estate comprise thirty-three holdings, area 7,106 acres, and a gross amount of £799, which is £111 more than last year. The land-for-settlements arrears comprise 280 holdings, area 57,162 acres, and the amount £9,035; this is £764 more than the previous year. The arrears on the Rotorua leases are £189, owing by 36 tenants.

*FORESTS AND PLANTATIONS.*

On the 31st March, 1901, the total forest land under reserve was 2,356,480 acres. During the past year additions have been made as follows: Auckland, 321 acres; Wellington, 6,190 acres; Westland, 17,000 acres; Canterbury, 150,000 acres; plantations generally, 715 acres; for scenery