

Occupation with Right of Purchase.—An area of 10,106 acres was selected during the year by thirteen licensees, who pay an annual rent of £502 16s. 8d., and, as there has been no forfeitures or surrenders, there are now 191 tenants on the books, holding an area of 85,552 acres, paying £3,618 0s. 4d. per annum. The area of bush felled under this system is 17,709 acres, and an area of 17,808 acres has been sown in grass. 160 miles 63 chains of fencing have been erected, and other improvements, including houses, outbuildings, orchards, &c., have been made to the value of £4,390. The improvements required by the Act amount to £17,196, and the value of the improvements effected by the settlers is £47,248.

Lease in Perpetuity.—The number of selectors under this system was nine, with an area of 4,978 acres 3 roods 27 perches, at an annual rent of £167 5s. 10d. There was one forfeiture, covering an area of 479 acres, the annual rent of which was £19 3s. 2d.; and two surrenders, area 2,008 acres, annual rent £64 12s. 6d. The number of tenants under this system is 178, holding an area of 100,684 acres 3 roods 21 perches, and paying an annual rent of £3,172 11s. 1d. The area of bush felled is 34,649 acres, and an area of 38,317 acres has been sown in grass. 201 miles 27 chains of fencing have been erected, and other improvements, including houses, outbuildings, orchards, &c., have been made to the value of £8,270. The improvements required by the Act amount to £35,103, and the value of the improvements effected by the settlers is £89,489.

Small Grazing-runs.—During the year five selections, with an area of 16,678 acres and an annual rental of £210 10s. 2d., were made. There was one forfeiture of a lease over an area of 4,807 acres, the rent of which was £90 2s. 6d. per annum; and one lease over an area of 3,920 acres, rent per annum £85 15s., was surrendered. The number of small-grazing-run lessees at the end of the year was sixty-nine, who hold an area of 203,920 acres 1 rood 14 perches, and pay an annual rent of £2,049 15s. 4d. The area of bush felled under this system is 37,541 acres, and an area of 52,048 acres has been sown in grass. 227 miles 52 chains of fencing have been erected, and other improvements, including houses, outbuildings, orchards, &c., have been made to the value of £6,340. The improvements required by the Act amount to £7,130, and the value of the improvements effected by the settlers is £79,137.

Pastoral Runs.—During the year one pastoral run containing 11,632 acres was selected, at an annual rental of £80. There are therefore now seventeen holders under pastoral license, holding an area of 134,991 acres 2 roods, and paying an annual rental of £713 3s.

Native Townships.—No selections were made in Te Puia Township during the year, therefore the number of lessees is the same as last year, viz., twelve, holding an area of 75 acres 15 perches, the annual rental of which is £38 2s. 6d. Three selections have been made in Te Araroa Township. The area selected was 11 acres 2 roods 10 perches, the annual rent of which is £3, therefore the area held now is 101 acres 14 perches, the number of lessees twenty-three, and the annual rent £66 15s. 6d.

During the year 8 acres 24 perches was selected by four selectors in Tuatini, who pay £36 18s. per annum. The number of tenants in this township is now nine, holding 21 acres and paying £68 per annum.

Progress and Condition of Settlers.

With a view of showing the progress and present position 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 an area of 98,017 acres of bush land has been felled, and an area of 116,694 acres has been sown in grass. The total length of fencing erected is 636 miles 78 chains, and other improvements, such as houses, outbuildings, orchards, road-formation, &c., have been made to the value of £20,498. The improvements required to be effected by these settlers amount to £64,971, while permanent improvements to the extent of £237,234 have been effected, which is highly creditable to the Crown tenants in Hawke's Bay, and shows that the conditions of the leases and licenses are being complied with, also that the settlers are endeavouring to make the best of their selections.

The area held by Crown tenants in this district is chiefly utilised for the purpose of sheep and cattle raising, with the exception of comparatively small holdings in the Napier portion of the district, the flats in the vicinity of Gisborne, Motu district, and the East Coast lands, where the dairying industry is making rapid progress. It is reasonable to expect that in the course of the next few years a considerable area of country now carrying sheep will be converted into dairy farms. There can be no doubt that the further development of the dairying industry in this province must materially benefit the farming classes, especially the small farmer, who at present finds a difficulty in making a living out of sheep.

The number of sheep at present held by Crown tenants (exclusive of pastoral runs and lands held under the Land for Settlements Acts) is 174,000; the number of cattle, 74,000; the number of horses, 17,000; and the number of pigs, 4,500.

The Crown tenants in this district might be classified in two classes—viz., sheep-farmers and dairy-farmers, the latter carrying on their business in the dairying districts before mentioned; and the chief productions from the holdings are principally wool, mutton, beef, and butter.

In concluding the report on the leases and licenses under the Land Acts, I might mention that the rents are paid regularly and without complaint; and the tenants, taken as a whole, are in a very comfortable position, and are fast bringing the whole of their selections under grass.

Improved-farm Settlements.

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