

Hatuma Settlement.—This settlement was placed in the market on the 25th April, 1901, and was all selected. In the return an area of 709 acres 2 roods is shown as unlet. This is the area taken in exchange from Mr. Sydney Johnston for Section 1, Block XI., Takapau District, and has been selected since the close of the year. There were at the 31st March, including two miscellaneous-lease holders, fifty-nine tenants holding an area of 25,159 acres 1 rood 10 perches, and paying £7,627 8s. 10d. per annum. Although the period for effecting residence and making certain improvements has not expired, I have had an inspection made for the purpose of this report, which shows that very satisfactory progress has been made by the new tenants. Out of fifty-seven lessees required to reside within the first year, thirty-four have already effected residence; and, all told, there are 116 persons residing on the settlement. Twenty-three have not yet effected residence. Twelve months has not yet expired since date of selection. 346 acres are under crop, chiefly turnips, potatoes, and rape. This is a very small area, and on looking at the following figures it will be seen that the settlers have all gone in for sheep. Stock: Sheep, 36,207; cattle, 1,101; horses, 104; and pigs, 13; making a total of 37,425. 81 miles 23 chains of fencing has been erected, valued at £4,817 5s. The improvements required by the Act at the end of the first year amount to £4,320 7s., and already improvements to the value of £9,078 15s. have been effected; this is excluding £3,166 13s. improvements on the land at the time of the selection, which the settlers are to be given credit for when estimating whether or not they have complied with the improvement condition. The Government has formed twelve miles of dray-road through the settlement.

Manga-a-toro Settlement.—On the 21st January, 1902, this settlement, which was purchased from the Assets Realisation Board, and is situated near Dannevirke, was placed in the market. Up to the end of the year twenty-one applicants had selected an area of 15,074 acres, the annual rent of which is £3,921 13s. 10d. An area of 4,348 acres is still in the market. Owing to the short period since date of application no report was, of course, made.

Timber in Motu District.

The total area of forest land in the Motu District is 20,209 acres, of which 13,092 acres is Crown lands, 5,586 acres leasehold, and 1,531 acres Native.

The total quantity of milling timber is 74,825,698 cubic feet, or 897,908,376 superficial feet. Of this 34,376,988 cubic feet are on Crown lands, 29,318,163 cubic feet on leaseholds, and 11,130,549 cubic feet on Native lands, and it comprises kahikatea, rimu, matai, and totara, the quantities of which are given in the schedule.

There is sufficient timber to warrant the erection of sawmills, the locality of which would have to depend on the proposed railway route, the most central position being about the Motu Bridge.

A light line of railway would, I think, be the only way to work the timber to advantage.

Generally it is difficult to give an opinion on the subject, for so many things have to be considered. The bush is generally mixed timber of, I do not consider, very good quality, some of the best of it having been cut by the settlers. The question of markets is an important consideration; the local demand would not be sufficient to keep mills and a railway employed, and I am not in a position to say if it would pay to carry the timber by rail to Gisborne and ship it to outside markets.

SCHEDULE giving Particulars in Tabulated Form.

—	Area.	Kahikatea.	Rimu.	Matai.	Totara.	Totals.
	Acres.	Cub. Ft.	Cub. Ft.	Cub. Ft.	Cub. Ft.	Cub. Ft.
Crown lands ...	13,092	9,035,560	24,434,180	907,248	Nil	34,376,988
Leasehold ...	5,586	7,626,892	20,434,887	1,231,984	24,400	29,318,163
Native lands ...	1,531	5,580,953	4,937,168	612,426	Nil	11,130,547
Totals ...	20,209	22,243,405	49,806,235	2,751,658	24,400	74,825,698

General.

The settlements are all making satisfactory progress. The value of the improvements effected on all settlements is £39,472 10s. 6d., as against £10,574 11s. 4d. required by the Act. The total annual rent payable is £17,768 8s., and the arrears only amount to £90 18s. 2d.

Office-work.

The number of letters and telegrams received and despatched was 14,582. The number of applications received was 1,049. Sixty-one reports were sent to the Government Advances to Settlers Department; 2,170 vouchers were passed, representing the sum of £56,608 2s. 7d. Attention to these matters, together with the preparation of leases, audit cards, local bodies' proposals, warrants, returns, &c., have kept the staff busily engaged during the year.

ERIC C. GOLD SMITH,
Commissioner of Crown Lands.