

The following is a summary of the position of village-settlements in the Canterbury District:—

Number of settlements	...	...	...	...	47.
Number of settlers	...	...	...	...	435.
Number of souls on the land	...	...	...	...	1,479.
Area of land occupied	...	...	...	...	13,298 acres.
Annual rent and interest	...	...	...	...	£2,364.
Rent and interest paid this year	...	...	...	...	£2,255.
Total rent and interest paid into the Treasury on village-homestead sections from the commencement of the system to the 31st March last	...	...	...	...	£20,896.
Arrears of rent	...	...	...	...	£129
Arrears of interest	...	...	...	...	2
					£131.
Value of improvements on the land under village-homestead conditions	...	...	...	...	£36,288
Under other tenure	...	...	...	...	5,188
					£41,476.

It is apparent by the returns I now transmit, and, moreover, it is, I think, generally admitted, that the settlements as a whole have been successful. The fact that over £48,370 has been paid in to the Treasury by way of rent and interest on village-homestead settlements since the commencement of the system, and that the arrears do not exceed £741, and are being gradually reduced, and, further, that the value of improvements on these settlements exceed £128,300, tends to prove their success. The system is one which, I think, should be encouraged and extended, but as there is no land at present in the Middle Island available for doing so, I would respectfully recommend that in all agricultural districts steps should be taken to acquire small blocks of good land—say, from 40 to 50 acres—at distances of five or six miles apart, with the view of establishing small villages of agricultural labourers chiefly. I would suggest that the number in any one village should not exceed ten, and the occupation of most of the men should be ploughmen or general farm-hands. If this plan was adopted I think it would be a boon to the farmer, and also to the farm-labourer, as the latter could always find work on his holding when not otherwise employed.

With the view of assisting such settlers to erect their dwellinghouses, I would recommend that a similar amount towards building should be granted as is allowed under the regulations for workmen's homes—namely, an advance not exceeding £50.

J. E. MARCH,
Superintendent of Village Settlements.

APPENDIX IV.—FORESTRY OPERATIONS.

REPORT BY HENRY J. MATTHEWS, CHIEF FORESTER.

THE total number of trees at present in the four nurseries is 5,982,710, and their value (estimated at about 25 per cent. below ordinary wholesale trade rates) £10,103 15s. 5d. Of the above, 2,357,700 have been raised—chiefly from seed—during the year, their value being £1,940 14s. 3d.

During the past year 1,311,037 trees and shrubs have been sent out from the various nurseries to plantations, Government domains, institutions, and other reserves, their value being £4,574 12s. 6d.

The total area of artificial plantations made to date is 853½ acres, containing 1,531,126 trees. The area laid down in plantations for timber purposes during the year is 380½ acres, each acre containing approximately 2,722 trees, or a total of 916,606 trees planted. Of the above-mentioned trees, 422,350 have been planted at Dusky Hill Plantation, Otago, covering an area of 172½ acres; 232,754 at Whakarewarewa Plantation, near Rotorua, covering an area of 106½ acres; 82,277 at Waiotapu Plantation, twenty-two miles from Rotorua, covering 30 acres; 44,275 at four experimental plantations on the Kaingaroa Plains, thirty-five miles from Rotorua, covering 21 acres; and 134,950 at Survey Paddock Plantation, near Naseby, Otago, covering 50 acres.

Trees and shrubs to the number of 221,381 have been supplied to other Departments, to the value of £1,213 10s.

The number of trees, shrubs, &c., grown at all stations since the initiation of the Department in September, 1896, to the 31st March last is 7,848,466, and their value £16,968 0s. 11d.

Expenditure for the year on all works amounts to £11,045 16s. 4d., and from September, 1896, to the 31st March £28,559 11s. 1d. Against this sum, trees in stock, tools, implements, horses, and values of all improvements made on nurseries, plantations, &c., show a total of £39,995 2s. 1d., leaving a credit balance of £11,435 11s. as the result of operations to date, details of which will be found in the appendix herewith.

The average loss in transplanting trees from seed-beds to lining-out ground in nurseries is barely 2 per cent., and the failures in transplanting trees from nurseries to plantations is under 3 per cent.

Tree-seeds (with the exception of *Abies douglasii*, *Sequoia sempervirens*, and *Pinus ponderosa*) germinated well at all stations, and have since made excellent growth.

There has been practically no loss amongst "seedlings" through the grass-grub this season, the only affected area being at Whakarewarewa Nursery, the damage being confined to a few beds of larch.