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The principal activity during the year under review was the erection of two miles and a half of netting fences and five miles of ordinary fencing. In addition, 100 acres were ploughed, 60 acres cropped, 80 acres grassed, and a small area was stumped. A four-roomed house and a milking-shed were built for one of the units, and additions and alterations to existing cow-byres are in progress. To check the depredations of rabbits wire-netting fences are very necessary, as this pest is causing considerable concern. Good results are now being obtained by fumigation, but, unfortunately, the rabbits were well established in the bush areas before the fences were erected, and their destruction is proving difficult.

Eighteen settlers, supporting some sixty dependants, have now been established on the scheme, and there are three vacant holdings awaiting suitable occupiers. One new unit was established during

the year; a house and cow-byre being erected for him.

Live-stock returns at 31st March last were as follows: 324 cows, 73 heifers, 13 bulls, 85 calves,

20 steers, and 18 horses.

The present estimated carrying-capacity of the Southland scheme is 430 cattle (mainly dairy cows) and 410 sheep. Departmental receipts for the year, principally cream cheques, amounted to £353, but owing to the very dry season experienced the milk-yield was not up to expectations and it will be necessary, by systematic culling and purchase of new stock, to gradually raise the standard of the herds. At present it is only possible to take assignments of one-fourth of units' cream cheques, the balance being required to provide bare living-expenses.

To eat down ragwort, which has taken a hold on established pastures, 300 old ewes were recently

purchased. Efforts to combat this weed by the use of sodium chlorate have not been too successful,

and it is reported that this method of control is of doubtful effect in the locality.

Providing dairy-produce realizes reasonable prices the outlook and prospects for the coming season are reasonably good. The settlers generally are keenly interested in the scheme and are anxious to make it a success. Due allowance must be made for the fact that, prior to development, they had had, with a few exceptions, practically no experience of farming. They had been accustomed to eke out a slender existence fishing and gathering mutton-birds in season. Many of the womenfolk have never milked a cow and the men were unaccustomed to the use of horses.

The work is under the direct control of the Lands Department officials at Invercargill, who are

exercising the patience and sympathy which is especially necessary in these circumstances.

The following extract from a recent report by the Commissioner of Crown Lands shows very clearly the mental outlook of these people and is typical of many of the problems to be faced in establishing the Maori on the land:

"The present position is that all stock proceeds are paid in reduction of current account

advances, no refunds being made.

'This is the usual action taken when a bill of sale is held, but applied strictly to units, such as these, who cannot even understand the business side of the matter, the results are apt to be little

short of disastrous.

"These units must be encouraged to rear and sell surplus stock, and they must receive some immediate pecuniary reward for doing so. The fact that the proceeds from sales are applied in reduction of their debt means nothing to these people, who are only three or four years removed from the most casual modes of existence.