In the Sounds the whole of the sheep not within fences in D'Urville Island were destroyed, and 2s. 6d. per head allowed, and the island since scoured for stragglers.

On Arapawa Island two small flocks were destroyed on the same terms, and those retained kept within secure fences and cleaned.

Simultaneous with this destruction of scabby flocks the whole of the waste lands from Queen Charlotte Sound to Tophouse were scoured, and, although a few stray and wild sheep were m e with and killed, not a single case of scab was seen until the Tophouse country was dealt with. Here a few stragglers from the adjacent flocks were found and killed; these were scabby, but in this country not a single real wild sheep was found infected. Every inducement was offered to the scouring parties to find scab if possible, but, with the one exception, none was discovered; here, the adjoining flocks being infected, this was anticipated. This thorough examination of the rough country should for ever settle the bugbear of wild scabby sheep, which for so long has been assimulated with this portion of the Marlborough and Nelson Districts, and which, it has been asserted, there was no possibility of dealing with, and from which, it was also stated, adjoining flocks would be continuously reinfected.

The number of sheep destroyed and compensated for at 2s. 6d. per head, together with expenses incurred up to the 31st March in scouring the country, amounts to and is distributed as under :----

At Kaikoura, 5,429 sheep Bonus on 4,200 wild sheep, at 1s. pe	 r head				£ 678 210	s. 12 0	d. 6 0
	1 110000	•••	•••	•••	916	ě	~
Wages for scouring country	•••	•••	•••	•••	910	0	0
					£1,804	12	6
In Picton Subdivision, 687 sheep					85	17	6
Arapawa Island, 1,004 sheep					125	10	0
Wages for scouring country		•••	•••		432	15	0
Bonus on 848 wild sheep, at 1s. per l	head	•••	•••	•••	42	8	0
					£686	10	6

—or a grand total of  $\pounds 2,491$  3s. expended during the year in the destruction of wild and scabby sheep. I may add that a good many more sheep were killed by scouring parties than are accounted for here. A large portion of the ground was scoured by contract and no bonus given for sheep killed; of these no account was kept.

An unusual case—in fact, the first of the kind that the department has required to deal with occurred during the past year. The Clarence Run, with an infected flock, was abandoned by the owner, consequently the department had to step in, under section 33 of "The Sheep Act, 1878," and take possession, and this under rather difficult circumstances, as all hands had been paid off, and all necessary plant for working the run, such as pack-horses, rations, &c., removed, and at a time of year when any delay meant a stoppage of work for the season. No time in this case was lost, and all necessary steps have since been taken to ensure the flock being cleaned. It is only fair to say that when possession was taken but comparatively little scab was found in the flock, which has since been twice dipped, and was at last muster, I am informed, without any actual disease being apparent. This flock having been reduced to little more than half the original number, and being within fences, should come in clean in the spring. Should such be the case, it will either require to be handed back to the owner, or sold to repay the expenses incurred since it was taken possession ; and acted upon during the past season, I have no suggestions to offer this year on this question ; nor do I see what further can be done. Those flocks deemed impossible to clean have been destroyed, and, the remainder being now within fences, after another scouring of doubtful country next season, scab should be at an end in this colony.

On previous occasions I stated the necessity of amending portions of the Sheep Act, especially section 26. This weak point in the Act has this year been taken advantage of, and an owner who had been precluded from breeding has brought clean sheep on to his infected country; and should they become diseased and stray—the distance from which they were brought not being above thirty miles in a direct line from where they now are—the results might be that not only would they infect other flocks, but the whole of that portion of the country that had already and not long since been scoured would require fresh expenditure.

Last year I drew the attention of the Government to the kea-question; and from personal inquiry this year, together with information derived from other sources, I am distinctly of opinion that a special subsidy should be allowed for the destruction of these birds. They are making their appearance in localities where previously they were unknown, and in some places are committing ravages that seem almost incredible. I heard of one instance of over two hundred sheep being destroyed in one lot. I would recommend that a sum of  $\pounds$ 500 be specially appropriated for their destruction. This might be expended in a bonus of 2s. per beak, and would represent five thousand birds. The sheepowners are only too willing to subscribe as well; and by offering a strong inducement a wholesale destruction of this pest should ensue.

The kea being of nocturnal habits, and its habitat being in the high and mountainous country, mostly on waste lands of the Crown, its destruction is no easy matter, and, being attended with a certain amount of risk, is one that men will not undertake unless they can earn good wages.

Reviewing the work done during last season, although the 31st March shows a nominal increase of the infected flocks, yet the country has never been as free from scab as at present, or as