

£2 10s. an acre to assist in clearing, fencing, and grassing the first twenty acres, 5 per cent. interest being charged on the advances till paid, and a rent of 5 per cent. on the capital value of the land. These very favourable conditions were partly designed to encourage the unemployed of the towns to migrate to the country; with the result that there are in all 975 holdings, comprising a total area of 30,108 acres. Of these, 496, holding 21,430 acres, are in the Auckland Land District alone, representing about 1,400 persons, who have been located in nineteen settlements, nearly all North of Auckland, a large proportion of whom, but for this scheme, could never have left the streets of the city. A tabular statistical report by Mr. Kavanagh, the steward of the Auckland village-homestead settlements, will be found in Appendix B, from which it will be seen that very considerable progress has been made in the short time since the settlements were commenced. In the Wellington and Canterbury Districts the village-homestead system has also been successful in settling about 300 families in homes which are likely to be permanent, on account of being situated in districts where employment may be had for a portion of the year. The settlements in the Auckland District are not so fortunate in this respect, although the kauri-gum fields partly supply the want. From the fact of the village-homestead settlements being occupied very largely by persons of slender means, a great deal of fostering care has had to be bestowed on them, in seeing to payment of advances as house-building, bush-felling, and grassing proceeded; and road-works have also had to be put in hand for the double purpose of giving access to the settlements and of assisting the poorer settlers to earn part of their living. The necessity for this expenditure ought soon to diminish as the settlers get their lands cleared, and in grass and crop. The advances on improvements up to the 31st March have been £11,673 2s. 3d., and on road-works and other expenses special to the settlements about £10,148. The receipts in rent and interest are £789, the arrears £277.

CROWN LANDS HELD ON PASTORAL LEASE OR LICENSE.

During the year there has been a good deal of reletting of runs, consequent on expiry of licenses, and surrenders. There have been 112 runs, comprising an area of 760,766 acres, relet at an average rental of 2½d. per acre. On the 31st March the total area of pastoral country let was 10,755,483 acres, in 1,253 runs, at an average of 3½d. per acre. The revenue received from run-rents last year was £157,059, or £13,500 less than in the preceding year. The deficit is entirely in Otago, and is due to the fifty-two runs relet during the year fetching lower rents than before, and also to the loss of revenue in placing two runs yielding high rentals under the small grazing-run system.

The fact of the Canterbury run-licenses running out in May, 1890, and also considerable areas in Otago about the same time—in all, about 4,250,000 acres, which, in ordinary course, will have to be dealt with next year, being twelve months prior to the expiry of the licenses, so as to afford time for transfers of stock between the tenants—raises the question of pastoral tenure, which is by no means satisfactory in the existing state of the law, for every license is determinable on twelve months' notice. This goes far to discourage any effort towards the improvement of the natural pastures, by fencing off and resting them, sowing grass-seed, or contending with the rabbit-pest in a resolute manner. In this large area of eleven million acres there is nothing gained by keeping the tenants under this insecurity of tenure; on the contrary, there is on account of it a loss both in rents and in the productiveness of the country. Nearly the whole of this extensive area, so far as settlement is concerned, can never be devoted to anything but pastoral purposes. The comparatively small areas that are suitable for agriculture, or, rather, that could be detached for that purpose without detriment to the profitable occupation of the much larger pastoral areas, could easily be classified and set apart. Were this done it would be of great advantage to the colony to give a secure tenure—say of twenty-one years over all the rest. Another very important matter is the adjustment of the boundaries of the runs so as to render each run a workable property in itself. There have been mistakes made in the past in cutting up country in such a way as virtually to compel holders to purchase several runs so as to get a workable piece of country. Topographical surveys are now in hand, and will be completed in time to furnish maps that will materially assist in the adjustment of boundaries.

THERMAL SPRINGS.

There are, as is well known, hundreds of hot springs in the volcanic zone of the North Island, extending northward from Ruapehu, and a few in the Amuri district of the Middle Island. Bath-houses and swimming-ponds exist at Waiwera, Waiaraki, Joshua's (Lake Taupo), Rotorua, Te Aroha, and Hanmer. The two first-named are on private lands, the other four are on Crown lands, and, more or less, come under the direction of the department. A lease for sixty-three years has been granted to Mr. Joshua for the springs near Taupo, subject to fulfilment of certain conditions in the interests of the public, which are being observed, and the place rendered very attractive to visitors. Te Aroha, Rotorua, and Hanmer have been fitted up at the expense of the Government. The first is managed locally by a Board, and the other two by resident officers of the department.

Rotorua.—In last year's report attention was drawn to the diminished stream of visitors to Rotorua consequent on the scare occasioned by the volcanic eruption of Tarawera. The number of tourists is again on the increase, and the number of baths taken was greater for the twelve months ended the 31st March last than in any former twelve months. The various arrangements for regulating the temperature of the baths, for cleansing them out, and adapting them to the comfort and privacy of visitors have been brought to a very satisfactory condition by Mr. Malfroy, the officer in charge of the waterworks, whose taste and ingenuity are conspicuous in many ways about the grounds and sanatorium.

Te Aroha Baths continue to be as greatly frequented as ever. They are under the immediate control of the Domain Board, and are managed well. Apart from the well-known curative properties of the waters, the facility of reaching Te Aroha by rail has told immensely in making it for the