

On the whole, I think the value of the improvements effected, and the work in progress, is very satisfactory, as is also the number of stock now on the land; but some of the settlers, especially those who are now living on other lands in the locality, may find it inconvenient to immediately comply with the residential requirements.

General.

Inspections.—During the year the following special settlements were inspected: Makuri, Upper Makuri, Pongaroa, Rakaunui, and Ngaturi Village Settlements. I purpose visiting the remainder the first favourable opportunity.

The farm-homestead associations are as follows: Coonoor, Masterton Reform, Pahiatua Nos. 2, 3, and 4, Christchurch, Woodville No. 2, Kaikoura, and Rising Sun. The balance of ordinary reports for the above, also Pahiatua No. 1, are in course of preparation. Inspections for the Pioneer and Mecalickstone will, I expect, be made next month. The remaining farm-homestead associations—viz., McKenzie, Waiwera, Kakariki, Stirling, and Hall—being favourably situated, are reserved for winter inspection.

Mangatiti and Akitio Improved-farm Settlements were visited and taken over from the Roads Department. Ordinary reports for the former have been forwarded, and are in course of preparation for the latter. From the detailed report will be seen the nature, value, and extent of private, and cost of Government, improvements, also the quantity and kind of stock on the land, that the selectors, especially residents, have made satisfactory progress. Attending to the wishes and wants of improved-farm settlers, and the correspondence in connection therewith, occupies a deal of time, and to some extent hinders inspections elsewhere.

The Langdale Settlement was also visited. Although the first year's inspection is not due, from detailed report it will be seen the progress made is satisfactory.

Defaulters.—From detailed returns it will be seen that out of 452 inspections made under the various tenures there are forty-two defaulters as to residence, thirteen as to improvements, and eleven as to residence and improvements, making sixty-six as against forty-six defaulters last year. Of forty-two defaulters as to residence, four are doubtful; the remainder require time to enable them to comply. Of thirteen in default as to improvements, four are doubtful, four are residing on the land and doing their best, and five are expected to comply shortly. The defaulters as to residence and improvements, with one exception, are original selectors under the farm-homestead regulations. Of the eleven who have failed to comply, one is doubtful, five require time, and the remaining five, owing to their avocations or other reasons, find it inconvenient to comply with the sixth year's requirements.

Bushfelling.—A fair amount of bush has been felled during the year, and the season has been favourable for burning operations.

Dairying Industry.—In old-settled districts the dairy industry continues prosperous, and is extending. Many new factories have been erected this year, and others are contemplated. Settlers at Makuri, Pongaroa, Rakaunui, Mangatiti, &c., recognising that dairying is most suitable for their requirements, are discussing ways and means *re* erection of factories, but capitalists are loth to invest until the state of the roads insures a regular supply. A branch creamery at Waione and a private one at Tuiwahi are in operation, but the supply has fallen off owing to difficulty of access. The districts under notice are well adapted for the industry. Given good roads, there is no reason whatever why they should not become large producers, and, consequently, successful and prosperous.

Farm Homestead Associations.—Number of Selectors required to reside, actually residing, and Area.

Settlements.	Required to reside. No.	Actually residing. No.	Area.		
			A.	B.	P.
McKenzie	12	12	1,252	0	0
Waiwera	10	6	1,200	0	0
Kakariki	17	15	3,000	0	0
Coonoor	3	2	550	0	0
Pioneer	13	12	2,322	0	0
Masterton Reform	13	12	2,150	0	0
Stirling	19	18	3,180	0	0
Pahiatua No. 1	28	23	4,343	0	0
" No. 2	14	12	2,116	0	0
" No. 3	11	9	1,880	0	0
" No. 4	5	2	400	0	0
Christchurch	7	7	1,200	0	0
Hall	15	12	2,216	0	0
Woodville No. 2	7	7	1,330	0	0
Dannevirke	1	0*	196	0	0
Mecalickstone	9	7	1,598	0	0
Kaikoura	2	2	400	0	0
Rising Sun	9	9	1,800	0	0
Total	195	167	30,937	0	0

* Selector is now an inmate of lunatic asylum.