

farming resulting from the policy of Native-land development are contributory factors to a solution of this very vexed problem.

The Department encourages the payment of rates wherever possible and, where it handles the funds of scheme-settlers, examines the returns closely with the object of paying rates where that course is justified.

ALIENATIONS OF NATIVE LAND.

The number of alienations other than to the Crown during the year was 630 and the area affected 60,425 acres, compared with 525 alienations and 49,793 acres respectively last year. Particulars are as follows:—

	1936-37.		1937-38.	
	Number.	Area.	Number.	Area.
Sales	248	Acres. 14,881	233	Acres. 10,225
Leases	277	34,912	397	50,200
Totals	525	49,793	630	60,425

Only $\frac{1}{2}$ acre of Native land was purchased by the Crown during the year.

LEGISLATION.

The only legislation passed during the year was the Native Purposes Act, 1937, but it contained, in addition to certain empowering clauses affecting particular matters, some very important policy amendments of the law in relation to Natives and Native land.

For example, section 3 of the Act is designed to give greater protection to Natives by preventing what may be called "agency contracts" for the removal of timber, flax, &c., on Native land, from becoming valid without the usual requirements of confirmation by the Native Land Court, while section 4 prevents a person from obtaining and holding a valid mortgage over Native land, without confirmation by the Native Land Court, when the mortgage debt is assigned to him by a State Loan Department upon payment of the amount secured.

The Act also amends the law in relation to Native reservations, empowers the reversioning of Native townships in the beneficial owners, settles a doubt as to the beneficial ownership of certain Palmerston North reserves, and extends the time for the making of valuations for renewals of leases under the West Coast Settlement Reserves Act, 1892.

EXPENDITURE FROM CONSOLIDATED FUND.

For the year under review the gross expenditure from Consolidated Fund, vote, "Native," was £188,078, and the recoveries amounted to £32,751. Brief particulars of the net expenditure covering general costs of administration and grants for Native purposes are as follows:—

General Administration—	£	£	£
Salaries and staff expenses (including travelling) ..	104,096		
Office expenses (rent, stationery, postages, &c.) ..	10,372		
		114,468	
Less recoveries from the Native Trustee, the Maori Land Boards, and the Employment Promotion Fund	32,751		
		81,717	
Purchase of equipment (motor-vehicles, furniture, &c.)		2,630	
		84,347	
Grants for Native purposes—			
Sir James Carroll Memorial		250	
Housing Fund for erection of houses where Natives are unable to provide the security required by the Native Housing Act, 1935		50,000	
Maori Purposes Fund		1,600	
Survey liens written off		7,000	
Miscellaneous		110	
		58,960	
Protection of Native land—			
Destruction of rabbits		1,650	
Clearing noxious weeds		5,000	
		6,650	
Taranaki lands compensation			5,000
Sundries			370
			£155,327