

full staff of experienced men, down with me. A very short examination of the country, together with our previous knowledge of it, showed that the southern end of Jackson's Bay, where the township of Seacombe is already laid off, was by far the most suitable site for our first depôt, as there vessels of the largest size can come in and anchor in perfect safety. Had either of the four rivers situated in the proposed block—namely, the Arawata, Waitoto, Okuru, or Haast—been decided on, reference to the Chief Harbour Master's report accompanying this letter will show you that vessels drawing not more than seven feet would have been required to be used exclusively, and this, as you will at once perceive, would have been a serious drawback to the success of the settlement.

From the enclosed report furnished by the Chief Surveyor you will see that one of the main features in connection with the settlement will be the exportation of timber, for which there is practically an unlimited demand both in New Zealand and the neighbouring colonies. The best timber land commences about four (4) miles from the port, extending from thence towards north; and considering the small amount of money available for the establishment of the settlement, and the importance of opening communication right through the settlement, along which the timber can be brought at a moderate cost for carriage, I am of opinion that the formation of a tramway with light iron rails, capable of being worked in the first instance by horse-power, will be of more use than a dray road. If this is done, I have very little doubt but that within a short time we shall see a number of saw-mills established in the settlement, giving employment to a large number of the immigrants, besides assisting in clearing the land for permanent settlement. I shall be glad to learn if the Government have any iron rails suitable for such a tramway; and if not, whether they will either procure them for us in New Zealand, or authorize me to send to Melbourne for them? It is of the greatest importance that no time should be lost in procuring them, as the first two or three miles must be made before any great progress can be made in the settlement. As the main point in connection with the first establishment of saw-mills depends on the construction of a tramway as proposed, instead of an ordinary dray road, I shall be glad to get your decision on the subject as early as possible.

With a view to preparing the way for the immigrants from home to whom bush life will be entirely new, I purpose at once selecting and forwarding to the settlement the fifty (50) families it was arranged should be allowed to go down from the residents on the West Coast; they will make good pioneers, and it will be of great service to subsequent arrivals to have a few experienced hands to show them how to set to work.

I have drawn a few preliminary conditions, a copy of which I beg to enclose, but I would prefer that they should not be gazetted until we have had a little experience of how they will work. They will however be sufficient to explain generally to intending settlers the intention of the Government with regard to the settlement, and, if approved of by you, I should be glad if you would transmit them to the Agent-General in London, so that arrangements may be at once commenced for sending us out a suitable class of emigrants.

The number of immigrants it is proposed to locate in this settlement is 250 families, say equal to 1,000 adults; of these, fifty families were to be taken from this coast, which will leave 200 families to be sent from home, or to be selected from those now arriving in different parts of the colony who might desire to go down to the special settlements. I would request, therefore, to send home instructions to select and send out 150 families, and I would suggest that a large proportion of these should be taken from the National Agricultural Labourers' Association; in this Mr. Holloway might be able to render considerable assistance, as the details of this settlement were fully discussed with him on his recent visit to this province, and met with his warm approval. I think, also, that some Shetlanders would be suitable immigrants, as there is an abundance of fish on the coast. My attention has also been drawn to the fact that a number of Pomeranians can be obtained, and would be specially suited for such a settlement. A countryman of theirs, Mr. Julius Matthies, who has spent a considerable time in exploring our southern country, is about returning to his home with a view of inducing a number of his countrymen to come out, and I shall be glad if you would give instructions, so that the Agent-General may avail himself of his services when at home. I believe they would make useful settlers, and a block of land might be specially reserved for them on one of the rivers. The remaining fifty families might be chosen from the arrivals now coming into the colony, and I would recommend that the conditions should be circulated in the various immigration barracks, so that any persons desirous of applying might be sent down. I regard it as a matter of the utmost importance to the success of this settlement that only those should be sent down who are thoroughly prepared to face the difficulties of clearing bush land. No special knowledge is required, but active energetic men. Bearing this in mind, I think that the immigrants should first be sent to Hokitika, and in case any of them should be found unsuitable for the settlement they might be absorbed here, whereas if they go direct to the settlement they will simply prove an encumbrance not easily disposed of.

I propose that the rate at which the immigrants should be introduced should be not more than twenty-five families per month; and it is my intention, subject to your approval, to erect fifty cottages in Jackson's Bay, to provide accommodation for the first settlers who may go down. I intend calling for tenders here for twenty-five cottages, to be framed and all ready for putting up immediately on arrival. The other twenty-five can be erected down at Jackson's Bay by the immigrants themselves. This, I think, will be the most economical course, and the best that can be pursued.

As the expenditure in connection with the settlement has now commenced, and will be continually going on, I should be glad if you would inform me how the necessary payments are to be made—whether the vouchers will require to be first sent to Wellington, or if you would place a sum of money out of the vote at my disposal as an imprest to be accounted for from time to time as it may be required. The latter course would be the most convenient, as there are many payments which require to be made without delay.

In connection with the direct management of the settlement, I have secured the services of Mr. Duncan Macfarlane, a gentleman of great experience on the Coast and in Canada, and one well fitted for the responsible position in which he will be placed. The salary, for the present, I have fixed at £300 per annum, and I hope this will meet with your approval.

The particulars of the special survey staff employed on the block I also enclose. The expenditure