

No church has as yet been established in any part of the settlement, the spiritual condition of the people apparently being a matter of perfect indifference to those who are supposed to have the more immediate control of such matters; meanwhile religion and morality suffer for lack of a teacher.

The appointment of a constable to the district enables me to deal with a class (not settlers) that we are occasionally troubled with, otherwise, I am glad to say, we have found little call for a constable; however, his presence will have a deterrent effect. Lawless characters often drift into such places as this, and are very troublesome, hence the necessity for police protection.

Nothing more has been done in prospecting for coal, although the presence of small quantities of a really good bituminous coal near the Bay would warrant the further examination of the country to the south; but this, as well as prospecting for gold and other minerals, cannot possibly be done by the settlers, as they cannot afford to give their time to it. My own time being fully occupied with other matters, I have not been able to do anything in that way lately. However, notwithstanding the difficulties in the way, discoveries of auriferous quartz, galena, and silver ores have been made during the year on the Jackson and Cascade Rivers. Three 500-acre mineral leases have been surveyed and granted, but up to date very little has been done to test their value. Two 16-acre leases have been surveyed and granted on the quartz reef, besides a number of ordinary claims. Several small laboratory tests have been made, which showed in some instances gold in payable quantities, but as the whole of the lode, which is of great thickness, is heavily charged with pyrites, a further test, and that of a more practical character, was deemed necessary, and is now being made in Melbourne, 5 cwt. of ore having been sent to Mr. Kirkland to be operated upon.

These discoveries are located about twenty miles from the Bay, and occur close to a remarkable belt of igneous rock, that has been traced up the Cascade Valley into Otago. Report on same has been forwarded to James Hector, Esq., head of the Geological Department, Wellington. Valuable mineral discoveries might be made in this direction if a competent and well-organized party were sent to examine it. During the year the settlers have been employed upon the usual road-works at the different points of settlement most convenient to their holdings. I had very great difficulty in carrying on the works in a satisfactory manner, from the disposition shown by some to shirk work by doing as little as they possibly could, and also by preventing others, both by precept and example, from doing a fair day's work. A few such men poison a whole community; and as a matter of course our foreign settlers were acted upon in a similar manner, in consequence of which I was compelled to stop the work at several places until I could arrange to have the work done in a more satisfactory manner. I have since adopted the following plan, and, as far as practicable, mean to carry it out. The method I have adopted is as follows: The work is laid off in sections wherever practicable, a price being put on it by which they can earn their 8s. per day by doing an ordinary day's work; if they choose to work harder and longer than eight hours per day (which I find they invariably do when under contract), then they earn the more. I had some bother before I could get them to start on this system—partly by being intimidated by those who did not like the idea of having to earn the money that was being paid to them, and partly in a want of confidence in their own ability to do the work; but now, having once got into it, they prefer it to day-work, and I am convinced that a great deal of the work being done in this manner would have cost nearly double had it been done by the day. I am therefore of opinion that, whenever it can be done, Government work on settlements of this kind should be carried out on this principle, otherwise what is called the Government-stroke is so well understood, so easily learned, and so religiously applied, that public works constructed on this system of day-work cost the country a much larger amount than they otherwise would do. Of course, considerable allowance must be made for many of the settlers, especially the foreign portion, whose previous habits of life may not have tended in the direction of making them on arrival good bushmen and first-class road-makers. Due allowance has been made for this in all my dealings with them, and I am glad to say they are progressing very favourably, striving earnestly to make homes for themselves and families, and in time will become valuable colonists. The only parties who object to the contract system are the lazy men, and I am sorry to say I have had some rare samples. Two of them, I am glad to say, have left, and the others are beginning to see that to live means that they must work, although at the same time they have a religious horror of it. Under the Registration Act this has been declared a separate district; all registrations can now be attended to without inconvenience to the public. Seven births, one marriage, and one death have been registered during the year. No medical man has yet settled in the district, and in consequence the Vaccination Act has not yet become operative. The settlement has been exceptionally fortunate on the score of health, but the settlers feel that should any serious accident occur requiring immediate attendance, or should a dangerous epidemic appear amongst them, they would be in a very unenviable position, the nearest medical man being at Ross or Hokitika. They have accordingly offered to subscribe at the rate of 23s. per man per annum, and have applied to the County Council, through their member, for a grant in aid, so that a salary sufficient to induce a medical man to come to the settlement might be guaranteed.

A meteorological station has been fixed here, and observations are recorded daily, returns being forwarded to Wellington at the end of each month. In connection with the gold fields department, a Warden's Clerk and Receiver of Gold Revenue has been appointed to the district, the amount of revenue received for the year ending 31st March being £40 1s.

The Fishing Company started last year under very favourable auspices have unfortunately ceased operations, without, I might say, ever attempting to make the speculation a success. The mistake committed by the Company (who were non-resident) of not employing a thoroughly competent man to carry out the undertaking has resulted in its, it is to be hoped only temporary, suspension. Everything was in favour of the Company. The raw material, in the shape of moki, groper, cod, crayfish, and mullet, is to be found in abundance, and the facilities for catching and curing are unrivalled; besides, the killing of seals in the season might have formed no inconsiderable item in their income, the fur seal being very plentiful to the south of the settlement. It is to be hoped the Company will again commence operations, and to be followed by better results. A lease of one of the timber reserves was applied for last year and granted, but nothing in the way of putting a plant upon the ground has been