

a half years has made this matter one of his subjects of constant observation, his experience should be of considerable value.

Reviewing the whole circumstances in connection with the settlement, I think the result will not be found unfavourable. For instance, a number of families have been permanently settled there, overland communication has been opened up with Otago, cattle runs have been taken up, and stock brought over to supply the market. A saw-mill has been erected, which finds employment for twenty men, cattle-breeding, gold-mining, farming, and seal-fishing are also carried on; and lastly, from the Bay prospecting parties have been fitted out and started to explore the coast, which were the means of discovering the copper mine in Dusky Sound, and a marble quarry in Caswell Sounds. Of the future settlement of this portion of the Middle Island, I think there need be no cause for apprehension.

I have, &c.,

EDWARD PATTEN,

Officer in Charge.

The Under Secretary for Immigration, Wellington.

Enclosure 1 in No. 1.

ANNUAL REPORT.

Mr. MACFARLANE to Mr. PATTEN.

SIR,—

Jackson's Bay Special Settlement, 30th June, 1878.

In accordance with instructions, I have the honor to submit, for the consideration of the Government and the House of Representatives, my annual report on the Jackson's Bay Special Settlement, to which is attached statement of receipts and expenditure from 4th January, 1875, to 30th June, 1878; Schedule A showing amount of work done by settlers for the Government, and Schedule B giving population and stock returns to date.

Population returns show an increase of about 10 per cent. on last year's returns; this percentage being mostly due to natural increase, the arrivals and departures of adults being nearly equal. The departure of those of the adults who have left for good will be no loss to the settlement, and would be a gain to the colony if they left it to-morrow.

The vital statistics for the district show thirty births as against four deaths, three of the deaths being infants under ten weeks' old, and the adult was killed by the falling of a tree. This, in the absence of any medical man in the district, speaks well for the healthiness of the coast.

Education.—Under the management of a Local Committee there have been three public schools opened in the settlement—namely, one at Arawata, where the Central Board have erected a substantial and commodious schoolroom; one at Arawata Flat, where the Board are now building a new school-house; and another at the Okura, where the Committee have made such temporary arrangements as regards schoolhouses, &c., as will meet the wants of the place for some time. Some of the foreign portion of our population require reminding of the necessity that exists for educating their children, but, on the whole, most of the settlers are reasonably attentive to their duties in this respect. Two reading-rooms have been established on the settlement, where the Colonial, English, Irish, and Scotch newspapers may be read. The supply of books and periodicals is limited, if we except the handsome donation of German and Italian books made to the settlers by an unknown friend in Wellington. No doubt this defect will be remedied as the settlement progresses.

In church matters the field is still open. I have had communications from the Rev. Father Binsfeld and the Rev. Mr. Elton, of Hokitika, touching on the spiritual welfare of the settlers, also a donation of Sunday-school books from the Committee of the Presbyterian Sunday-school, Hokitika, and a parcel of Bibles from the Bible Society in Dunedin; but, with the exception of a Sunday-school conducted by Mr. and Mrs. Porter, and some kind of service by one of the Poles at Smoothwater, amongst themselves, I am not aware of anything being done to obviate our rather anomalous position in spiritual affairs. No doubt it is a difficult matter to deal with where such difference of opinion exist, and unless a teacher could be found with love and charity wide enough to enable him to sink minor differences, and to sacrifice dogma to the higher duty of teaching truth and righteousness, without diverging into the by-paths of sectarianism, the difficulty might be got over, but I have very little hope of seeing any one established here in the position indicated.

In connection with the administration of justice, a Resident Magistrate has been appointed to the district, enabling the settlers to have their cases dealt with without the trouble and expense of going to Hokitika as heretofore.

With regard to crime, I am glad to be able to report favourably, only a few cases of common assault having been dealt with during the year; but, as a necessary adjunct to this department, tenders have been accepted for the erection of a small lock-up, which will be finished in September.

In referring to the more immediate surroundings of the settlers, my report, in some respects, cannot be looked upon as very favourable, as, consequent upon the exceptionally bad weather with which the whole coast was visited, both in spring and autumn, a partial failure of the crops was the result. This applies more especially to the potato crop, which, in many cases, rotted in the ground. Carrots, turnips, and oats gave good returns, but, on account of the continued wet weather, they were with difficulty saved, thus causing heavy loss and much disappointment to the settlers. As a contrast to this, I would call your attention to the stock returns attached, the increase on last year's returns being very gratifying; and, when we take into consideration the very high prices paid for dairy cattle on the settlement (from £10 to £18 per head), the difference in the figures is still more significant.

A very important change has been effected during the year in the manner in which stores have been supplied to the settlers—viz., the letting by tender of the Government stores to a private firm. The stores have been let for a period of three years at a yearly rental of £15 per annum. A noticeable feature in connection with the closing of the Government store is that the sales have fallen off at least 25 per cent., showing that the settlers are now more economical in their habits than