

The yield of gold for the year, it will be seen, is in excess of that produced for the previous year, the number of miners employed being about the same. The population of the district has decreased; but this in a measure may be attributed to the cessation of public works on the reclamation and railway.

There are but few if any complaints of want of employment, and I can safely say that, both in mining and business, things are in a healthy state, and promise good results in the coming year. Much old ground is being re-worked at the lower levels, and some amount of new ground taken up.

The discovery of valuable hematite ore within the proclaimed gold field has brought prominently to the front the nature of the existing agreement between the Natives and the Government. By that agreement permission was given to mine on Native lands for gold only. Applications for leases for the purpose of mining for hematite and silver-lead ore (also known to exist in considerable quantities) have necessarily been refused. Unless, therefore, arrangements can be made direct with the Natives by the discoverers, they will fail to reap the fruit of their enterprise, and the district will suffer materially through the non-development of these deposits of valuable minerals. I would submit that it is certainly advisable, and might be found practicable, to revise the existing agreements under which the gold field is worked. The agreements in question were evidently entered into at a time when the one paramount object was to obtain the consent of the Natives to the opening of their lands for the purpose of mining for gold. Many questions of importance naturally were left unsettled at the time, and others not provided for, the necessity for so doing not being then apparent or urgent. Experience has, I believe, shown the necessity for some modification or extension of these agreements—notably in the direction of permitting mining for other minerals than gold.

In connection with this, I would point out that lands have been thrown open for selection under the homestead system, and that the Natives have been disposing of both freehold and leasehold interests in the gold-fields blocks. In both cases the land is still subject to the gold-mining laws, not having been withdrawn from the operation of the Gold-Mining Districts Act. But this fact appears to be unknown by the selectors, purchasers, and lessees, who, in improving their lands, will, or have, come into contact with mining interests or rights, subjecting themselves to claims for compensation. With regard to the land selected for homesteads, probably if a plan of the ground proposed to be thrown open was furnished to this department, the existing mining titles could be shown thereon, and the issue of fresh titles stayed. The land would then be selected subject to known rights.

The system of enabling miners to acquire small blocks of land for homesteads—of from, say, five to twenty acres—within easy distance of their workings will, I believe, prove of immense benefit to a district like this, where there is now a settled population of miners. The experiment has been tried apparently with success at Tapu, Hastings, recently. I therefore trust that it will be possible to extend it to other parts of the district where land is available.

Some modification of the prospecting regulations in force at present is desirable, as they scarcely meet the wants of a district such as this, where there is no alluvial mining, and where prospecting is carried on largely on old abandoned ground. Such alterations, I think, should be in the direction of granting a bonus for *bonâ fide* new discoveries, the bonus to consist of either (or both) money-grants or increased area of ground to the prospectors; though possibly the grant of an increased area might be better provided for by an amendment to the existing gold-fields regulations, no provision being at present made for granting prospectors' claims or areas. By the latter, I mean giving protection to a large area of ground within which prospecting can be carried on and the claim marked when any discovery is made.

Prospecting grants should not be restricted to discoveries in new ground only, but be extended to abandoned ground as well, leaving it to the discretion of the Warden or Mining Inspector to decide in doubtful cases. I am also of opinion that the system of subsidies to prospectors, as at present existing, is not a success. There is necessarily little or no check on the work done by the prospecting party; and a grant of this description is very liable to abuse, even where the checks are good.

The prospecting parties receiving private assistance reported in the last annual report have collapsed, and at present there is but one prospecting party at work, who have applied for assistance—in the district of Tapu.

A large number of claims, originally held by registered companies, have been forfeited during the year, thus throwing open considerable blocks of land hitherto locked up and unworked for a considerable period. I am glad to say that the ground has in most cases been at once applied for and taken up in smaller blocks by individual miners.

Roads here, as elsewhere, are the great necessity. Much has been done by the County Council during the past year to remedy this want; but much remains to be done. Quartz that would not pay for crushing where the cost of haulage to the batteries is considerable, has been found to pay well where a good track to the mines has been made.

It is with considerable gratification that I am able to report the almost entire absence of crimes of a serious nature within this district during the past year. Speaking from a lengthened experience of gold fields and miners, and taking into consideration the estimated population, I can say that the small proportion and light nature of the offences brought before the Court is unusual, and compares favourably with any other gold field in the colony.

It must be remembered that a large population of Natives is resident within the gold field, tending to swell the number of offences disposed of by the Courts; though it is but justice to them to say that, with a very few notable exceptions, they are law-abiding, orderly, and comparatively industrious.

Herewith I have the honor to forward return of number of cases disposed of in the Resident Magistrate's and Warden's Courts, applications heard, and registrations of various kinds effected (this return does not, of course, include the Coromandel list, nor the cases heard at Ohinemuri): Cases in Resident Magistrate's Court—civil 521, criminal, 324; Warden's Court, 20; applications, 60; registrations effected, 326; new claims registered during the year, 92; licensed holdings forfeited, 14; agricultural leases forfeited, 5.

I have, &c.,

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Warden.

The Under-Secretary for Gold Fields, Wellington.