

April was 16·76 in., or 5·58 in. per month. The return of gold for the same period was 2,309 oz., or 770 oz. per month: thus showing a falling-off of over a third in the output of gold, due entirely to the limited and intermittent supply of water. The proper conservation of water for this district is still in the future, and, in consequence, hundreds of acres of known auriferous ground are lying fallow; whilst many miners are working ground for a bare living that, under conditions where a plentiful supply of water was obtainable, would yield a handsome profit over working-expenses. The above applies especially to that well-known block of terraces, commencing at Craig's claim, near the mouth of the Hokitika River, including the Brighton, Rimu, Back Creek, and Seddon's Terraces. At present the whole of this block is mainly dependent for water on what is known as "Handley's race," and this supply is wholly dependent on the local rainfall, consequently intermittent, and inadequate to meet the demand. This race changed hands recently, and is now owned and controlled by a few claimholders on Back Creek, whose requirements on their own claims will more than use all the water in the race, hence the hardships—that outsiders have now to depend on the water they can catch in dams, &c., as nearly all the creeks are held by the new owners in connection with their race. Under the old company, who held no claims of their own, each got a fair share of the water; but now the need for an independent supply is urgent. Two permanent sources of supply are available for these terraces—viz., Kanieri Lake, distant some five miles, out of which the Kanieri Lake Water-race Company propose taking 100 heads of water. Plans and specifications have been prepared and an estimate of the cost of the whole has been submitted to the company by their engineer, and they have already driven 500 ft. of tunneling commencing on the lake entrance, but as the water must be carried across the Hokitika River and valley through a siphon, the cost of the pipes and the bridge to carry them means a larger outlay of capital than the present small body of shareholders are prepared to expend. Consequent on this the matter was placed in the hands of Philip Perry, Esq., who undertook to float a company on their behalf; but owing to the non-proclamation of the Hokitika River, into which tailings from extensive hydraulic sluicing would ultimately find their way, he was unsuccessful. But for this obstacle, he says, he would have had no difficulty in getting a company to undertake the work.

It is a most unfortunate thing for the whole district that the excessive demands for compensation made by settlers and others, in connection with the proclamation of the Hokitika River, should block such undertakings. Not only were the claims exorbitant, but at least half the claims put in were for damage that could not possibly be caused by tailings from the terraces referred to. Even if 200 Government heads of water were brought into operation on this block, it could not possibly affect lands lying above the junction of the Hokitika and Kokatahi Rivers; consequently, if the river were proclaimed from that point to the mouth, it would meet the whole difficulty. This water-supply, from either Lake Kanieri or the Arahura River, is an urgent necessity; but, as far as I can learn, the floating of any company will be contingent on the river being proclaimed a tailing-site. I understand that lately the claims have been considerably reduced, and, in consequence, those interested in an increased water-supply for this district are hopeful that the Government will see their way to proclaim the river at an early date. Many owners of hydraulic claims are half the time suffering from enforced idleness; others are driven to drifting out the ground through long and expensive tunnels, simply because they cannot get water to sluice the whole away; whilst a much larger number cannot see their way to open up new claims for the same reason. It is, therefore, clearly in the interests of all concerned to see that no exorbitant claims should bar the way to the proclamation of the lower reaches of the Hokitika River, and to see to the removal of all obstacles that will interfere with the introduction of the water required.

The works in connection with the increased water-supply for Humphrey's Gully and the watershed of Arahura and Blue Spur Ranges are progressing slowly. Iron pipes, in the shape of an inverted siphon, have been substituted for the heavy wooden fluming near Milltown, and a new race of sufficient capacity to carry the increased supply of water is nearly finished—to connect with Black's Tunnel. The alteration and retimbering in this tunnel has given the management a good deal of trouble, but this, and other minor matters, will be finished at an early date. Owing to the above alterations the company have not been able to do any work in the claim since before Christmas, but they hope soon to commence operations with a very much better supply of water even from the old sources, half the supply having been lost in transmission through defective ditches and fluming. The supply from the Arahura will take some time before it will be available, as, in consequence of an immense slip on the new line of race laid off, it has been abandoned, and a new line is being surveyed. This will probably be completed in about two months, when the company will call for tenders for its construction; but, as it is through rough country, and as the portions of the old race above the dam will require enlargement and new fluming in places before it can carry the increased supply, considerable time will elapse before the water from the Arahura is available for sluicing purposes; but until this is accomplished the work on the claim and the output of gold will be limited and intermittent. Looking at the water-requirements of this company in connection with their other mining properties in the same neighbourhood, there is no probability of their diverting a portion to Seddon and Back Creek terraces.

Considerable gold is being got about the Blue Spur and neighbourhood. Boy's claim is still on gold, and several others are doing well. Dwyer's tunnel, to drain a continuation of the run of ground that Boys is on, is now in 2,500 ft., and they have 500 ft. more to drive. This tunnel is large enough to allow a horse working in it, and is subsidised by the Government. A number of claims are marked off, and held until the drainage-tunnel is completed, when the ground will be worked from shafts or inclined tunnels. Two dredging claims were taken up on the Blue-spur Creek, and some prospecting was done on different parts of the creek under the superintendence of Mr. Robert Hay, dredging-engineer, Dunedin; but, as far as I can learn, the results did not warrant putting on a dredge.