

at high wages, for labour in the coastal towns and neighbourhood, caused, I presume, by the public and other works carried on at present. This diminution in population has caused a corresponding dulness in the mines, and now that the uncertain accounts of the Palmer diggings are going the round of the newspapers, I anticipate a still greater dulness in mining. Already a good many miners have left this district for Queensland in the capacity of pioneers, by whose report a great many more are prepared to be guided. It is therefore to be hoped that the flood of labour that is being brought to this country may set in in part to the up-country districts, otherwise all further development of the mines must be suspended, and even the existing works curtailed. At present there is a great dearth of good quartz miners, and some of the Companies are unable to maintain double shifts in consequence. In the beginning of the year this was also the case, and two attempts were made to show proprietors that they were solely dependent on the wages-men in the locality, by their striking work. The Companies stopped work, and the men, thinking they could force them to go on or give up their claims to them, opposed an application to the Warden for protection, but time was given to ascertain the real state of the labour market, and in the meantime matters were adjusted. These attempts, which were the first I ever experienced on the mines, showed to my mind how dictatorial either (whether capital or labour), if in the ascendant, would be, and forced me to the conclusion that the vexed question of remunerating labour must be made more directly dependent on the immediate results caused by that labour. One good result I observed from this dispute is an endeavour to adopt mechanical power, where possible, instead of manual labour.

The return of gold cannot be said to have diminished in proportion to the population, and that can be accounted for by the fact that the payable mines are gradually falling into the hands of Companies, who diminish the labour as much as possible, the shareholders pocketing the saving thus obtained. The individual miner on the Otago gold fields is gradually becoming a wages-man.

*Reefs.*—There have not been any fresh discoveries, but some of the old reefs have been largely developed during the year, and in several instances with wonderful results. The Cromwell Company, the yields from which might have been set down this time last year at *nil*, is now giving 8 ounces to the ton, and has proved the positive existence in the mine of stone, independent of what may be below, of a value of from £20,000 to £30,000. The profits divided by the Company for the last ten months may be set down at from £8,000 to £10,000. This Company is in the hands of three individuals. On this reef during the year two new Companies have taken up leases, viz., the Reliance and Energetic, and I am surprised that the success of the Cromwell Company has not caused more companies to take up ground. The former has sunk to a depth of 120 to 130 feet, and has found the reef certainly thin, but the proprietors are encouraged by the close resemblance it bears to the ground of the Cromwell Company at a similar depth. The Energetic Company was formed by the men who were working for the Reliance Company, and is a tangible proof of their belief in the continuance of the lode. The only other reef at work in the neighbourhood of Bendigo is the Lucknow. This Company has spent a very large sum of money in driving a tunnel at a low level, and as yet without being successful in striking the reef. The whole twelve months has been occupied in this way, the stone through which they are driving being hard.

On the Carrick reefs a good deal of work has been done during the year, but no large finds; but recently some of the claims have been showing better, as instance the Elizabeth, which has now come upon stone yielding 1 ounce to the ton. This is in such close proximity to the Star of the East that doubtless they will soon also reap the benefit of their prospecting. There are other claims, such as Jones and Co.'s, which have much improved, and generally an impetus has been given to the mines on the Carrick which, let us hope, may result in success. One great advantage possessed by the reefs at Bendigo and the Carrick is that as yet no machinery is required to overcome the water. The ground also stands well, and very few props are used, perhaps too few, as may be found when more quartz is taken out of the deep levels. Too much care cannot be taken to support ground by filling up, and the use of props and caps. Miners often get too foolhardy in their confidence of the firmness of the ground (particularly in places like the Carrick and Bendigo, where timber becomes a large item in the expense), and dispense with support, endangering their own and the lives of the workmen. Often danger is seen by the workmen, but fearful of their services being dispensed with if they make any remark, they remain silent. This is a matter that requires regulating by some sort of official inspection.

*Alluvial.*—No new discoveries can be said to have been made during the year. As a rule, the alluvial workings continue to yield a good steady wage, but in the Nevis and Waikaia some claims have greatly improved, and increased their yield from £5 a week to £30, £40, and £50 a week, and sometimes more. In the course of another twelve months I look to a considerable advance in this branch of mining, particularly in the Bannockburn and Waikirikiri districts, as in that time the Carrick Range Water Company and the Bannockburn Company will have their water in, as also will Hastie and Company. In connection with this branch of mining, it is to be hoped that legislation will take place to regulate the discharge of tailings and sludge. As settlement advances in the country this question gets more and more important.

*Dredging.*—With the exception of one or two in the Teviot district, none of the dredges are at work at present, or have been so for some months, and the only really successful one is a paddle one at Miller's Flat, worked by the owners. The Pneumatic Company, which has recently been re-floated as a public Company, intend resuming work at once. The Alexandra Steam Dredge Company are apparently at a standstill. I hear that a large company is about to be started at the Teviot to dredge by steam power.

*Settlement.*—This district, the greater portion of which is unfit for agriculture, can never make any great strides in that direction. The Teviot and Black's divisions are the only places where any large area of ground fit for cultivation exists, and certainly in the former, settlement must be said to have advanced considerably within the last twelve months. Every section fit for cultivation available has been eagerly pounced on. At Black's some additional land has been leased, but chiefly to old settlers. In this district four deferred payment blocks under the Otago Waste Land Act have been thrown open during the year, viz., Teviot, Blocks III. and IV.; Black's, Tiger Hill, Block V.; and Hawea,