

employers of labour, and our most valuable resources are lying undeveloped for want of capital to utilize them. The question now is how to meet the difficulty. Having prepared a statement of the requirements of the district, the expenditure of which I would extend over two years, I now beg most respectfully to submit for your consideration a way out of the difficulty, the adoption of which would, I think, make the settlement a great success. Timber being one of our most important and most easily available resources, I propose erecting three saw-mills, whose aggregate minimum cutting capacity shall be 54,000 feet per week; the mills to be erected under the superintendence of a competent engineer, and, until such time as the Government was paid back the original outlay, each mill to be managed and worked by a thoroughly competent saw-miller, who would be appointed by the Government; and to enable the produce of the mills to be sent to market, a jetty at Jackson's Bay is required, 7 chains in length, at which vessels drawing 12 feet could load and discharge cargo. A small steamer of the same horse-power as the steam launch promised to the settlement last year, but of different construction, would be required for towing and other purposes, so that the timber could be brought to the jetty for shipment to Dunedin or elsewhere. Punts of a carrying capacity of 18,000 feet to be provided by each of the mills for the purpose. For the repayment of the money advanced, I propose to charge 1s. per 100 feet on all timber sold, until such time as the whole amount is repaid; this, together with the manager's wages and towage fees, would be a first charge on the cash received. I have based my calculations on the minimum results, both as regards cutting capacity and price to be obtained; and even then you will see by the following figures that the money coming into the settlement in the shape of wages would be greater than the average monthly payment by the Government for the last twelve months, viz.,—

	£	s.	d.
Minimum amount of timber cut per month of four weeks by the three mills, 216,000 feet, at 6s.	648	0	0
Less deductions, repayment to Government	£108	0	0
Less deductions, towage	54	0	0
Less deductions, manager's wages (three)	60	0	0
	222	0	0
	£426	0	0

As against £423 10s., the monthly average for the last twelve months.

The producing capacity of the mills could be doubled, thereby providing employment for double the number of men. With the assistance above indicated, the success of the settlement would be guaranteed, as the establishment of permanent industries would induce a steady flow of population to the district, and our other resources would become rapidly developed. In connection with each of the mills, co-operative stores should be started, thereby relieving the Government of all trouble in the matter, and enabling them to dispense with the present Government store. A large area of really good land is available for settlement, not only in the settlement proper, but on all the rivers running through it where they are outside the settlement. A fine block of land is also to be found in the Cascade Valley, a few miles to the south. (For detail see copy of report on same attached.) The very important mineral discoveries made at Abbey Rock and the Paringa, both in our immediate neighbourhood, of lithographic stone of first-rate quality, tin, antimony, and other ores, and the probability of our own mines up the Jackson proving valuable, may be considered a sufficient reason for supplementing the original vote to the settlement. In expending more money on the settlement, I think regard should be had more to the producing of permanent results. A further expenditure on roads alone will not, I am afraid, make the settlement self-supporting. Having given the question my most careful consideration in all its bearings, both as it will affect the Government and the people, I confess I fail to see any other way out of the difficulty that would be of advantage to either party; and however utopian some conservative minds may deem this proposal, the principle of co-operation involved in the proposition is one, although not very well understood here, yet is taking its place and being appreciated at its true value by political economists at Home as the true mediator in the conflict between capital and labour.

In conclusion, I trust the Government may see the expediency of adopting the suggestions I have offered, as the further development of the whole of the South-west Coast would be promoted thereby. From personal knowledge of many of the resources of the district, the special facilities afforded by our excellent harbour for export and import purposes, the healthiness of the climate, and the energy and perseverance of the men who have elected to make homes for themselves and families in Jackson's Bay, I do not think I am over sanguine in anticipating a large measure of success for the settlement.

I have, &c.,

D. MACFARLANE,
Government Resident Agent.

Enclosure 2 in No. 1.

MR. D. MACFARLANE to the HON. J. A. BONAR.

SIR,—

Resident Agent's Office, Jackson's Bay, 10th August, 1876.

In accordance with instructions received, I took advantage of the late fine weather to visit the Cascade Valley, and have now the honor to report as follows:—I left the Bay on the 24th July, with four men, following the Arawata up for about nine miles, then striking into the Jackson, on the banks of which we camped. Next morning followed the Jackson up for about seven miles to the Cascade saddle, crossing which we dropped into the left-hand branch of the Cascade River. A short