

The diamond rock-boring machine recently purchased by the Government under the parliamentary vote of last session has been taken charge of, and advertised by Mr. Wakefield, and it is now on its way to Hokitika to the order of the Westland County Council, to be used in the first instance for testing ground at Goldsborough and Blue Spur for gold, and at Kanieri for gold and coal. It is impossible to predict what results the machine as a prospector in New Zealand may give until a trial has been made.

#### SETTLEMENT ON GOLD FIELDS.

In the Thames District, Auckland, the Native difficulty stands in the way of settlement; and the area open for agricultural lease in the Ohinemuri District, distant from the populous parts, is an inferior soil, and therefore not very inviting to settlement. Recently, Karaka North and South, in the vicinity of Grahamstown, and two other blocks a few miles distant, have been proclaimed open for application on the homestead system. This land partakes of the rugged nature of the country, and is under bush. It may prove suitable, however, for dairymen, as the soil is good, and will take grass readily. Under these adverse circumstances there is no great inducement to settle on this gold field, and only twelve applications were received during the year for land on agricultural lease.

At Te Aroha there were several thousand acres of flat alluvial land offered for application a few months ago, both on immediate and deferred payments. Only a portion was taken up. There are more lands in the same block which will be offered as soon as drain and road-works now in course of execution are completed.

On the West Coast gold fields, Middle Island, there are large areas open for selection on immediate and deferred payments, and several thousand acres on the homestead system. The land being all under bush, and the market local, settlement proceeds slowly.

On the Otago gold fields the natural conditions in favour of settlement are much more favourable than in the other two mining districts, and a large number of selections has been made during the year under the different modes of acquiring land prescribed in the Land Acts.

In the Wakatipu District several small runs were offered on lease for ten years and taken up; in the Tuapeka and Teviot Districts areas were taken up on pastoral deferred payments; and generally in every mining centre there have been blocks of from 3,000 to 30,000 acres offered for selection on immediate and deferred payments and on agricultural lease. These opportunities have been much availed of, and there are other blocks of excellent agricultural land surveyed and ready in anticipation of the demands of the current year.

Under section 66 of the Mines Act several miners, who, with their families, had established themselves on Crown lands and mining reserves, have, in compliance with the terms of the Act, been allowed to acquire the pre-emption of their homesteads, with 8 or 10 acres around, and so have become transformed from squatters on sufferance to resident freeholders.

#### DEPARTMENTAL.

In the early part of the year there was a considerable changing of Wardens from one district to another. These transfers were directed by the Justice Department. Their effect so far as the gold-fields are concerned is not beneficial, and has been the cause of much inconvenience, from the fact that local knowledge with complete acquaintance with past transactions cannot be transferred, and is lost to the department whenever the officer possessing it is removed to a strange district.

In conclusion, I have to express my obligations to the Secretary of the Treasury, Mr. Gavin, and to the Secretary of Customs, Mr. Seed, for the returns of revenue and gold export appended to this report; also to Mr. Wakefield for his ready assistance in collecting reports and compiling other statistical information contained in the Appendix.

J. MCKERROW.