

having sent down by escort 80 oz. of gold from the first crushing this year. At the Phoenix Reef, under the charge of Mr. Frederick Evans, there have been raised 500 tons of stone, yielding 141 oz. 3 dwt. 12 gr. This was broken from the reef at the deepest part of the mine, where it is much disorganized by a large mullock-band; the gold being found only in small leaders mixed in the band, and not sufficiently remunerative for the labour in extracting. There has been 900 feet cross-cutting and 100 feet driving on the lode effected, but without success up to date. Southberg and Co., who own the adjoining claim, have been engaged ever since the floods in opening a cross-cut that had been destroyed in 1878, and have recently found the lode, the stone of which is of good payable quality. Packing of goods to these diggings from Arrow and Queenstown costs 6s. per 100 lb.; 4-lb. loaf, 1s. 1d.; beef 5d., and mutton 3½d. per lb.

Cardrona Division.—Both European and Chinese population has decreased during the year, which will be explained in comparing the escort returns of gold. Not that this portion of the district will long remain uninhabited; for, setting aside the rich deep-sinking, requiring the purse of the capitalist to develop, there are several untested quartz reefs, one of which, at the head of Boundary Creek, is being opened by a party of miners. The land on either side of the Cardrona Valley is apparently rich, arable loam, fairly watered, and easily approached from the Clutha Valley. The soil of that locality is just now being tested by the Lake County Council, who have obtained a grant of 100 acres for forest-tree planting. This nursery, which is under the care of Mr. Robert McDougall (County Councillor), to whose enterprise we are indebted for the movement, is at an elevation of 1,100 feet above the sea-level, was first operated on last June, and contains at the present time 2,250 trees—Norway spruce, *Pinus austriaca*, *Sylvestrus pinaster*, *Insignis tuberculata*, and *Larix europæa*. With the exception of the *Insignis tuberculata*, which have for the most part failed, the losses have been only about 3 to 5 per cent. The intention of the County Council is to distribute these trees, when fit, among the residents of the county, to encourage settlement, and improve our town approaches, recreation and cemetery reserves.

Pembroke is much improved since I last wrote. Has a settled population of eighty-eight. A schoolhouse and master's residence has been built; the average attendance of scholars is thirty; an experienced master and mistress appointed. A new steamer, to run on Lake Wanaka, will be launched this year.

Kingston.—This is almost exclusively a farming district, the only other industry which is profitable in this locality being rabbit-hunting. The crops have been light, owing to the drought; but the settlers appear more satisfied with their farms than hitherto. Nearly all the land held in the deferred-payment blocks is fenced in, substantial houses have been built, and nearly all the virgin soil ploughed up. The County Council has been careful in its attention to the settlers' wants, in having bridged the swamps and cut roads to the railway-station for the transport of grain. If the Education Board would only follow in the wake of the former, and build a schoolhouse for the settlers' children, the settlement would become a permanency in every sense. I hope to be able to report this advance next year.

Crown Terrace.—The opening of this terrace has proved a great success, and I am glad to report the land has fallen into the hands of most industrious and able men. Ploughing, fencing, and cultivating have been carried on vigorously, and, I have reason to hope, profitably, judging from the healthy appearance of the crops. The yield, when it is considered that the Terrace is about 2,000 feet above the level of the sea, and walled off from the east by a mountain 5,700 feet in height, is remarkably good, oats averaging 45 bushels to the acre, and wheat nearly 40. This land has been taken up at £3 an acre hitherto, but, by virtue of "The Land Act, 1879," I believe the balance of 2,000 acres will be selected shortly at 30s. and 20s. an acre, according to its position.

Queenstown, which has been for years past in a depressed state, partly owing to the sudden decrease of population and scarcity of work for willing hands, and partly to its burden of debt, which fettered its Council's operations in improving the place, and which was well-nigh liquidated by a threatened annihilation during the great floods of 1878, is reviving slowly, but surely. Stone houses have taken the places of wooden buildings, and during the present year one merchant (Mr. Boyne) has built a magnificent store, which bids fair to eclipse the largest warehouse yet built. A steady influx of pleasure-seeking tourists has not only enlivened the town, but advertised it favourably; and they still come on while I write, at the rate of a hundred a week, to taste the bracing air of this beautiful climate. The discovery of a quartz reef at the head of Lake Wakatipu is drawing attention. The crushing of small quantities at Wellington in March has been sufficiently encouraging to induce a party of six to commence operations in developing the reef, about which I can say nothing authoritative at present.

Arrowtown is still improving. New houses have been built as private residences. All the municipal reserves have been let for twenty-one years, fenced, and cultivated by the tenants. Trees are being planted in the streets, and a loan effected on easy terms to bring in a supply of water for the use of the town. The Kawarau Bridge piers are fast approaching completion, and I believe during the next six months we shall be able to congratulate ourselves upon the advantages of having bridges across the Kawarau and Arrow, on the main trunk road to Dunedin in one direction, and a daily communication with the same city by the Gore and Lumsden Railway in the other. Persons travelling from Arrow to Dunedin will be able, it is said, after the 1st May to accomplish the journey between 6 a.m. and 7 p.m. The population of the district, amounting to about 3,500, is made up as follows: 2,350 males, 1,150 females; of these there are Chinese, say 400.

The escort returns show an export of gold amounting to 13,005 oz., value £47,916.

There have been seventy-seven mining disputes and 343 cases heard in the Resident Magistrate's Courts.

The total amount of revenue from all sources is about £13,242.

I have, &c.,

H. A. STRATFORD,
Warden.

The Under-Secretary for Gold Fields, Wellington.