

The rate of interest allowed on the fund was decreased from 4 per cent. to $3\frac{1}{2}$ per cent. as from the 1st April, 1933.

The interest earned for the twelve months ended 31st March, 1940, was £814 5s. 9d., as against £893 16s. 1d. for the previous year, while for the same periods the receipts from the $\frac{1}{2}$ d. per ton contributions were £4,644 3s. 2d. and £4,635 16s. 6d. respectively.

The total expenditure for the year ended 31st March, 1940, amounted to £8,125 0s. 5d., as against £7,424 15s. 8d. for the previous year.

The amount standing to the credit of the fund at the 31st March, 1940, was £22,167 0s. 3d., as against £24,933 11s. 9d. at the 31st March, 1939.

STATE AID TO MINING.

From the 1st April, 1939, with the abolition of the Employment Promotion Fund, assistance to mining from that source ceased, and as from that date all assistance has been granted out of funds provided by Parliament in the Mines Department vote.

The assistance given by the Department is of a varied nature, consisting of educative work in the Schools of Mines, provision of drilling-equipment on reasonable terms, making better access to claims in remote areas, and financial aid to prospectors and companies engaged in the search for and production of minerals.

In addition, special prospecting-work has been carried out by the Department in certain selected areas under the supervision of qualified geologists and mining experts.

For the financial year ended 31st March, 1940, the total expenditure by way of direct financial assistance amounted to £43,848, of which £19,229 was advanced by way of subsidies and loans to companies and individuals engaged in major mining or prospecting work. A sum of £15,596 was expended on subsidies to individual prospectors working small areas. The average number of men engaged on this work during the year was 290.

During the year the number of men engaged on the subsidized gold-mining scheme, previously administered by the Department of Labour, decreased from 350 to 230, but the individual gold winnings showed a distinct improvement, indicating that the best practical miners only were retained. The total gold winnings by subsidized miners during the year amounted to 2,266 oz., valued at approximately £20,400. A few men were engaged on the production of scheelite, the output of this ore being 5 tons, valued at £2,075.

In addition to the production of gold by men in receipt of subsidy, other men previously receiving assistance whose claims have become self-supporting won a further 3,250 oz. of gold.

Prospecting work at the Perseverance and Golden Treasure Mines at Reefton was carried on a further stage, but operations have not yet advanced quite far enough to determine the value of the areas. At the Red Queen Mine, near Mokihinui, a fair quantity of payable ore has been proved, and steps are now being taken to erect a small treatment plant to enable mining to be continued.

As a result of indications provided by geologists, a number of other smaller areas were tested under competent supervisors, but the expenditure on this work was very small, and in all cases the results were of a negative character. Altogether, a sum of £7,566 was expended on special survey, prospecting, and development work under the direct supervision of the officers of the Department.

Towards the end of the year steps were taken to prospect a scheelite-mine at Wakamarina, where encouraging results are being obtained.

A sum of £598 was expended on construction and maintenance of roads and tracks to mining areas, and £3,631 on Schools of Mines.

The Government's prospecting drills were hired by eight parties during the year, and a total of 5,686 ft. was drilled.