

As regards the income-tax, I do not apprehend that the steady increase which has continued since its inception will be checked. I place this increase, however, at the moderate sum of £6,000, raising the estimated receipts to £185,000, which, with the £300,000 of land-tax, makes a gross total of £485,000—a sum greater than has ever been received from direct taxation.

The buoyancy of the revenue under this heading proves conclusively the prosperous condition of our farmers and the productiveness of our soil, and, further, the soundness of business generally, as evidenced by the increasing profits of our merchants and others who contribute to the income-tax.

GOLD-MINING.

Gold-mining continues to make steady progress throughout the colony. Although there has been a decreased yield from some of the quartz-mining districts, this is more than compensated for by the steadily increasing yields from the Ohinemuri and Reefton districts.

The returns from alluvial mining and gold-dredging are still on the increase. During the past few years a large area of ground abandoned by the early gold-miner has been taken up for dredging, and is now adding its quota to the wealth of the colony. Many of the companies which were floated during a period of excitement have been liquidated, and the industry is now on a more stable basis.

The anticipation in the last Statement that the yield of gold would exceed that of the previous year has been realised, as the gold exported for the year 1901 was the highest since 1873.

PROCLAMATION OF RIVERS AND STREAMS.

The proclamation of rivers and streams as watercourses into which tailings and mining *débris* could be discharged has been proceeded with as fast as circumstances would permit. The number of rivers and streams proclaimed during the year 1901 was thirteen, making a total of 136 now under the operation of the Mining Acts.

STATE COAL-MINES.

In accordance with the decision of Parliament at its last session to establish State coal-mines, prospecting operations have been carried out on a portion of the land formerly held under lease by the late Westport-Cardiff Coal Company (Limited) at Seddonville. It affords me pleasure to state that these operations have so far proved satisfactory.

The coal leases formerly held by the Greymouth-Point Elizabeth Railway and Coal Company, and the partially constructed railway, have been acquired by the Government.

Prospecting operations for the purpose of furnishing data for the development of this property have been commenced.

In the laying-out and working of the State collieries due consideration will be given to safety, economy, and the efficient extraction of the coal with the least possible waste. To insure this, it is absolutely necessary for the mines to be opened out on a systematic and comprehensive plan.

OVER-SEA TRADE.

In March, 1901, a Trade Representative for our colony was appointed, with instructions to proceed to South Africa, United Kingdom, India, China, and Japan, to report on the markets of those places, and advise the Government as to the possibilities of extending the colony's trade in those directions. Interim reports are to hand containing valuable information, and it is expected that from the information received good practical results will follow. The departmental report will contain full details.

Tenders, closing on the 14th February, were invited for a steam service to South Africa, but unfortunately only two tenders were received; these tenders were practically counter-offers. As neither was on the exact lines of the