

floated by men who have little thought of working them. On more than one occasion during mining excitement in the northern goldfields, I felt it my duty to warn investors, and there is danger just now of the repetition of the same undesirable methods being transferred from the northern to the southern goldfields. In mining, as in all other avocations, it is a case of the survival of the fittest, and companies whose mines were placed under the control of experienced and judicious management are now being rewarded for their forethought."

In 1900 the Hon. J. McGowan said :—

"In view of the excitement caused by the success which has attended the dredging industry and the consequent activity in floating new ventures, I would reiterate the need of prudence in respect to speculation, and point out the fact that, although this branch of mining opens out a field for sound investment, its credit may be seriously jeopardized by the flotation of properties which should never be put on the market."

In 1931 my immediate predecessor in office, Hon. C. E. Macmillan, stated :—

"It is difficult to separate the speculative element from mining, but I feel confident that, if greater care and judgment were exercised in the prospecting and development of mining properties to ascertain reliably their value before undertaking the formation of companies to work them, the industry would become more of an investment than a mere speculation. It cannot be too strongly emphasized that before companies are promoted and money is subscribed in large amounts to develop mining-areas and provide plants for the treatment of the gold the areas should be thoroughly, systematically, efficiently, and reliably tested. From a perusal of several of the prospectuses issued during recent months it is manifest that practically no testing at all was carried out."

Now let us review a few facts indicating the state of affairs to-day.

In the report of my Department now being presented to Parliament there is listed statistical information concerning 203 gold-mining companies. This information is derived from statements of affairs submitted by the officials of the companies and verified by statutory declaration. Of these 203 companies, ninety-five, up to 31st December last, have never produced one ounce of gold, and up to the same date only thirty-four have ever paid a dividend—that is, one company in every six.

It is interesting to point out also that in 1930 fifty-eight companies were listed, of which only nine had ever paid a dividend, again a ratio of one in six.

In view of this record, is it any wonder that New Zealand investors have become a little timid in regard to gold-mining? Indeed, it should be mentioned that the above figures do not tell the whole story, as there are about thirty other companies in liquidation from which statements of affairs cannot be obtained.

Another indication of the position is gained from the Official Record of the Stock Exchanges of New Zealand.

In that publication at present sixty-two mining companies are listed, but the shares of only nineteen are quoted at a premium.

As a result of drawing attention to these figures I will probably be accused of driving capital away from gold-mining. On the contrary, I desire to express my sincere conviction that gold-mining, and particularly gold-dredging, is likely to prove a very profitable field for investors in the next few years, provided the propositions supported are amongst those which have been genuinely and adequately prospected.

GOLDFIELDS REVENUE AND GOLD DUTY.

The amount of goldfields revenue received and credited to the accounts of local bodies during the year ended 31st March, 1936, was £21,712 10s. 7d., a decrease of £2,726 6s. 7d. compared with the previous year. During the same period the total of the three duties on exported gold amounted to £116,099 14s. 11d., of which £6,752 8s. 1d. was credited to the accounts of local bodies under section 12 of the Gold Duty Act, 1908. The special export duty of 12s. 6d. per ounce amounted to £106,976 1s. 2d., which sum was paid into the Consolidated Fund.

MINING PRIVILEGES.

Interest is still being maintained in the mining industry, although the number of licenses granted has decreased. During the year ended 31st March, 1936, 1,927 licenses for mining privileges were granted under the provisions of the Mining Act, 1926, as compared with 3,051 for the previous year. Out of this number, 328 were licenses for claims authorizing the holders to mine for gold. For the same period 204 mining privileges, including 36 licenses for claims, were struck off the registers under the provisions of section 188 of the Act.