

I regret that the report on the general state of the gold field is not more favourable. The amount of gold for the year is the smallest yet obtained for the same length of time during the last ten years. Complaints have lately been made of the dullness of mining and business affairs in this district, and it would be useless to deny that a serious depression exists; but, after a careful consideration of the present position of the field and the causes which have led to it, I am convinced that the depression will prove but temporary in its nature. Occurring during one of those unsuccessful periods to which all gold fields are more or less liable, the stoppage of the works commonly known as the Big Pump has contributed in no small degree to the present unsatisfactory state of things. It will be remembered that the Government handed over to the Thames County Council the securities held by them for the repayment of £50,000 advanced from the public revenue for the prosecution of pumping, sinking, and prospecting works at low levels from the shaft of the United Pumping Association. The Borough and County Councils, by an arrangement made between them, carried on operations until the 31st January this year, when they decided to discontinue further contributions to the cost of maintaining the pumps, and all operations at the shaft consequently ceased. As the question of pumping being resumed is of considerable importance to the field, I enclose herewith a copy of a report by a committee of the County Council on the matter, which will give you concisely the principal facts connected with the working of the pump since it came into the hands of the County Council, and afford you a fair idea of the present position of this question:—

“Your committee have the honor to submit their final report on the very important matter which has during the past two years been the subject of their attention; and in doing so are of opinion that a general and cursory review of the various transactions connected therewith is necessary, especially when public attention has latterly been so much directed to the present position of the pump, and the misapprehension of the various facts which exist regarding the relation of this Council to the £50,000 securities. It will be remembered, on or about December, 1876, a meeting of parties interested in the maintenance of pumping operations was held in the Borough Council Chambers, which Mr. Warwick Weston, who was then acting director of the Association, attended. It was understood that no further advances would be made by the Government; that the Association had expended during the previous two years the whole of £50,000 advanced from the public exchequer, and, unless some practical means were devised, the pumps would stop. Under these circumstances the meeting unanimously affirmed the necessity of securing a transfer of the mortgages to one or other of the local corporate bodies. Proposals were then made to the Government, which the Premier, Major Atkinson, strongly supported in the House, to hand over to the Thames County Council, when constituted, the mortgages held by the colony over the works of the United Pumping Association; and a new clause was, by consent of the House, added to the Public Works and Immigration Bill, empowering the Governor to make such transfer, and by the assignment so made these securities became absolutely the property of the Thames County. On the 15th January, 1877, the Resident Minister in Auckland despatched three memoranda of agreement which were submitted to a conference of Borough and County Council members, who, after interviewing the Ministers, agreed to them as the basis of the agreements which now exist between the Government and the two Councils respectively. The right to sell or mortgage the securities thus assigned was also conferred upon the County Council by ‘The Immigration and Public Works Appropriation Act, 1877,’ and this power was exercised by the Council in June, 1877, and a mortgage taken by the New Zealand Mercantile Loan Agency for £10,000, to be expended on pumping and driving at the 640-foot level of the United Pumping Association shaft. Before the mortgage was finally executed, the whole plant was valued, by direction of the Agency, by Messrs. Price Brothers and G. Black, who made a careful appraisal of the estate, the basis being the probable sum the estate would yield under a forced sale. The valuation is thus given: Caledonian Gold Mining Company battery, £3,580; Imperial Crown battery, £3,540; Tookey winding, pumping, and battery, £2,900; Golden Crown battery and winding plant, £2,295; Caledonian pumping and winding plant, £3,050; United Pumping Association pumping and winding plant, and plant in yard, £10,100: total, £25,465. Contracts for the extension of the adits at the 640-foot level were taken on the 10th June, 1877, and the work continued without intermission until 30th March, 1878, at a cost to the Council, including interest on money advanced, of £4,134 1s. Many reefs, some of a promising character, were intersected during the progress of the work, which the associated companies and the proprietors of the adjacent mines persistently refused to prospect or test, and the work was necessarily abandoned. There is no doubt these extensions largely increased the duty of the pump and the area of drainage. True to their agreements the Councils maintained pumping operations until the 31st of January, 1879, when the whole works were closed down. The original mortgage deeds for £50,000 terminate in 1881, consequently no demand can legally be made for the payment of the principal until then; but the deeds also provide for the payment of interest at 6 per cent., and for fixing the dates upon which this demand must be satisfied. Your committee have appointed the 1st July next for payment of about £8,000 of interest accrued and owing, and if within sixty days, or on or before 1st September, this sum is not forthcoming, the Council can re-enter upon the estate and realize to the extent of their demand. The foregoing statement defines the legal situation of the Council, and your committee have now the honor to submit the financial position of the Council in relation to these securities: To payments on driving account and interest to 31st March, 1879, £4,134 1s.; to payments on pumping account to 22nd February, 1879, £10,495 17s. 1d.: total, £14,629 18s. 1d. Balance on December and January statements, £272 18s. 6d.; disconnecting lower balance-bob, and starting pumps, 1st May, 1879, £31 12s. 3d.: total, £14,934 8s. 10d. Several attempts have been made by your committee to amicably adjust this matter with the associated companies, both by correspondence and personal intercourse with the directors; but it is to be regretted the only tangible offer made to the Council was the sum of £4,000. Acting under instructions from the Council, your committee appointed Mr. Errington, C.E., of Auckland, as agent for the sale of these securities, and the offer of £5,000, which you are called upon by Councillor Carpenter’s notice of motion to consider, is the only offer received through that gentleman. Your committee