

is now substantially in credit, and it will shortly be practicable to pay off a portion of the debenture capital. The average price realized for State coal during the twelve months was £1 2s. 4d. per ton, as compared with 19s. 4·76d. during the preceding year, but the retail rate to householders has not been increased.

The gross capital expenditure on the State coal-mines up to the 31st March last amounted to £359,730, and no less than £208,400 of this amount has now been written off out of profits for depreciation, &c., being nearly 58 per cent. of the total capital embarked. The present book value of our assets is less than £150,000, but the actual value is largely in excess of that sum. It is extremely pleasing to be in a position to invite attention to these very favourable figures, especially in view of the fact that the coal sold to householders through the State depots is charged at a much lower rate than is usually obtained for other coals of similar character.

It is also very gratifying to be able to state that during the past six years there has been no fatal accident at any State colliery, the health and safety of the employees being the first consideration of the management.

Owing to the approaching exhaustion of the present Point Elizabeth Mine it has become necessary, if we are to retain the large business that we have built up, to look around for another suitable colliery to take its place.

An area of coal-bearing land in the Waikato district has recently been brought under my notice, and an option has been obtained over it. The land is now being carefully bored and otherwise tested for coal, and if the reports of the departmental experts are favourable, arrangements will be made to obtain a lease of the area for an extended period.

A valuable extension of the Point Elizabeth coal-measure has, however, recently been proved in the low coastal hills to the north of the Point Elizabeth Colliery, towards Nine-mile Creek. Boring is still in progress in this area, but sufficient evidence has already been obtained to justify the statement that a workable coal-seam of superior quality and easy of access has been proved, and that the area exceeds 200 acres.

The coal-seam, which is probably identical with that mined at Point Elizabeth, varies in thickness up to 22 ft. A branch railway from near Runanga of about three miles in length would connect the mine with the Government railway system.

#### SCHOOLS OF MINES.

The expenditure by the Department on the seven schools of mines amounted last year to £4,553. Some of the schools, I fear, have ceased to justify the Government expenditure thereon, due doubtless to the decline of mining in certain centres. In other districts the schools serve a good purpose in preparing candidates for Government certificates of competency under the Mining and Coal-mines Acts.

#### SUBSIDIZED PROSPECTING.

During the year ended 31st March, 1918, nine approved prospecting parties were granted subsidies amounting to £1,933, of which £882 was expended during the year. In addition to this, £518 granted during previous years was expended by fifteen other parties. Upon these operations sixty-seven persons were engaged intermittently during the year. The results disclosed were in some cases very encouraging, resulting in one instance in the installation of an up-to-date dredging plant, and in another to the formation of a sluicing company which is already expending considerable capital.

In addition to subsidized prospecting parties, financial aid towards prospecting deep levels which was given during the previous year to two West Coast companies produced encouraging results, especially in the case of the North Blackwater Mine.

#### ROADS AND TRACKS.

The expenditure on roads and tracks by subsidies and direct grants during the year was £6,911. The amount would have been much larger had more labour been available.