LITTLE PROSPECT
SUBSIDISED GOLD PROSPECTING, EMPLOYMENT
RELIEF ON THE WEST COAST DURING THE
DEPRESSION OF THE 1930's.

A Thesis
submitted in partial fulfilment
of the requirements for the Degree
of
Master of Arts in History
in the
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by
P.D. Zwart.

University of Canterbury
1980.
Remnants of a past era.
Two prospectors of the 1930’s,
Panama Bill and Bill Spence, in
the Upper Moonlight.
(Howitt Collection).
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<table>
<thead>
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<tr>
<td>AJHR</td>
<td>Appendix to the Journals of the House of Representatives.</td>
</tr>
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<td>BME</td>
<td>Buller Mining Executive.</td>
</tr>
<tr>
<td>DEO</td>
<td>District Employment Officer.</td>
</tr>
<tr>
<td>DMC</td>
<td>Proceedings, Papers, Remits and Discussions of the Dominion Mining Conference, 1926.</td>
</tr>
<tr>
<td>ED</td>
<td>Employment Division of the Department of Labour.</td>
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<td>EP</td>
<td>Files and Records of the Employment Division.</td>
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<tr>
<td>GES</td>
<td>Grey Evening Star.</td>
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<tr>
<td>GME</td>
<td>Grey Mining Executive.</td>
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<td>GRA</td>
<td>Grey River Argus.</td>
</tr>
<tr>
<td>IME</td>
<td>Inangahua Mining Executive.</td>
</tr>
<tr>
<td>NZPD</td>
<td>New Zealand Parliamentary Debates.</td>
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<tr>
<td>WME</td>
<td>Westland Mining Executive.</td>
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<td>UB</td>
<td>Unemployment Board.</td>
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This thesis examines the origins and operation of the subsidised gold prospecting scheme. It also sets out to explain the significance of goldmining as a depression relief measure and to give some indication of the impact it made on the lives of those men who became the diggers of the 1930's. In an effort to achieve the latter objective the focus throughout is regional. The West Coast, home of the gold rushes of the 1860's, is taken as a case study. Although in some respects the West Coast experience was unique, its gold seekers share much of the common experience of those engaged on the gold scheme elsewhere.

This thesis is based largely on the records generated by the Unemployment Board and the Employment Division. The correspondence between these Wellington based bodies and the separate organisations on the goldfields throws much light on the day-to-day operation of the scheme. They tell us less, however, about what it was actually like to work on the scheme. This shortcoming has been met in part at least by the existence of the Ross Borough Council Records, the recollections of men who were there and by the fortuitous survival of the diaries of one participant, Rab Clark. Clark was the Secretary of the Blackball Miners' Union throughout the 1930's and became a supervisor of the gold scheme. His comments thus provide a useful insight into the attitudes of the many coal miners who found themselves looking for gold rather than coal during these years. These three sources proved invaluable to a mere Cantabrian attempting to reach an understanding of life on the 'Coast'.
Although many individuals helped in the gathering of material, special mention must be made of a number of men who had a first-hand knowledge of this subject, those who worked on the scheme. I spoke to many people in conjunction with this study, but in particular G. Rosanowski, R. Wells and R. Glasson. All three were sympathetic to my initial ignorance of matters concerned with mining.

Special thanks are also due to my supervisor, Dr Ken Richardson for his advice and guidance and his many useful suggestions in the preparation of this thesis. Thanks are also due to the several people who aided me in the final stages of this work - my brother, Dr A. C. Zwart, Patrick Huston and my wife Anne. Her patience and at times her impatience were invaluable. A final thanks to my typist Marjory Thompson who gave up so much of her time to unravel my handwriting.

This thesis is dedicated to the memory of Philip Ross May, whose idea it was originally.
Efforts to sustain the mining industry through government subsidies were no innovation of the twentieth century. Even before the first Minister of Mines, William Gisborne, was appointed in July 1879, the government had taken steps to assist the goldmining industry. By this stage, a scant twenty years after the first rush to Otago, goldmining had perhaps done more than any other single industry for the development of the New Zealand economy and demography. The first subsidies to the goldmining industry took the form of loans for development. In 1871 the 'Immigration and Public Works Act' was passed, allowing a subsidy of up to £15,000 to assist the building of fluming and water races to carry water onto the goldfields. This was in effect merely a loan to developmental companies which had to be repaid out of profits. The first genuine subsidy for prospecting was inaugurated on the 17th August 1877 by the Goldfields and Mines Committee. They proposed to the House that a sum of £5,000 be granted to the government to aid goldmining. It was recommended that a further £5,000 be added to these funds by local bodies. This was to be used for the opening up of new land by the formation of prospecting tracks. The subsidy was available to prospecting associations or local bodies for wages not exceeding five shillings a day per man and/or not exceeding £200 per expedition. The prevailing policy of the Mines Department throughout the period studied was to grant subsidies to local

NOTE 1: AJHR 1871 04 P 55.
NOTE 2: NZFD Vol 25, P 277, 5 Sep 1877.
bodies or prospecting associations, as this first subsidy did, and not to individual parties or men.

In 1878 new regulations were passed. They were not a success. The complicated procedure necessary to gain a subsidy acted as a deterrent to applicants. Indeed, in 1881 no subsidies were granted at all. As a result, a new set of regulations were drawn up by the goldfield's committee in 1885. Again they offered a pound for pound subsidy to local bodies, limiting the grants to £500 per annum. Allowance was made for a weekly wage as before. To this was added a contract system for tunnelling and shaft sinking. Once more, however, the day to day operations were cumbersome and drew much criticism. In 1890 the Minister of Mines, T. Fergus, admitted the validity of complaints when he commented that 'the government knew of no good that had so far come out of the grants for prospecting goldfields.' He proposed instead that the Mines Department concentrate on the construction of roads and tracks in the goldfield areas, thus allowing prospectors to penetrate further into remote areas.

The early subsidies arose directly from contemporary problems in the goldmining industry; but there were other and more pressing problems in New Zealand in the late 1870s and the 1880s. As New Zealand entered what was to be called

NOTE 5: NZPD Vol 67, P 160.
the 'great depression', politicians came to see goldmining as a means of relieving unemployment. It was R.J. Seddon, MP for the goldfield's constituency of Kumara and an authority on mining legislation, who first suggested the possibility of such a scheme.⁶ Pointing to the growing number of jobless in Christchurch and the unprofitable railway development scheme which was being used to counteract this unemployment, he suggested the West Coast goldfields as an alternative means of employment.⁷

Seddon's proposals to aid goldmining whilst alleviating unemployment came to nothing. However in 1891 he became Minister of Mines in the J. Ballance government and had a chance to do something for his old goldmining compatriots. As an ex-goldfield's publican and an advocate of the warden's court, he was in a position to explain how, in New Zealand as elsewhere, goldmining had become a big man's frontier. As the more accessible gold became depleted the small miners and prospectors had turned to local businessmen, usually storekeepers or publicans for capital. Eventually this became too expensive for such small businessmen and goldmining became a capital intensive industry, the miners were forced to change their occupation or accept wage labour from large mining companies. Seddon now suggested that the government take over the role of his old profession and 'grubstake' prospectors.⁸ Presumably, like the storekeepers, Seddon hoped that this would help to decrease regional unemployment whilst increasing national gold production.

NOTE 8: AJHR: Mines Statement C2 1891.
In 1892 he suggested even further aid to the gold-mining industry by proposing that miners establish local prospecting associations funded by equal contributions from the men and government. Competent prospectors would provide labour only, whilst a prospecting fund would 'grubstake' them and provide equipment for authorised expeditions.\(^9\) This suggestion was taken up and prospecting associations subsequently became one of the main recipients of government aid. A year after Seddon's proposal the Mines Department reported grants to four such associations valued at £852.\(^{10}\)

The lack of government support for prospecting had always been a source of grievance on the goldfields themselves. This was particularly so on the West Coast which had long regarded itself as the premier goldmining area in New Zealand. In 1890 the West Coast's gold production had, for the first time, fallen below 100,000 ounces. Production continued to fall until 1897. The 'Coast' did not reap Otago's initial advantages with the beginnings of the dredge boom in the 1890s. In 1895 West Coast gold production fell below that of both Otago and Auckland. Combined with this was the rapid development of the coal and lumber industries in these years. Miners began to leave the uncertain world of gold and drift towards more stable forms of employment.

These uncertain economic prospects led the Mayor of Greymouth, F.B. Waters, to call a public meeting in July 1894 aimed at encouraging the government to increase subsidies to the goldmining industry. The meeting proposed a scheme

\(^9\) NOTE: AJHR: Mines Statement C5 1892.
\(^{10}\) NOTE: AJHR: Mines Statement C3 1893.
that would pay prospectors £3 per week, the miners themselves paying 30 shillings of this through prospecting associations and the local bodies and the government sharing the other half.\textsuperscript{11} The speakers were confident that substantial amounts of gold would be found and some even predicted a rush similar to that in 1865. The meeting estimated that such a scheme would bring up to 10,000 men to the Coast.

Seddon, however, now the Prime Minister, was less willing to accommodate his old allies. When confronted with this proposal he bluntly responded that although the 'government had no time to go into this at present,' he would be pleased to 'afford any assistance to these people under the regulations for prospecting,' which he refused to amend.\textsuperscript{12} Hardly a satisfactory answer when the Minister of Mines, A.J. Cadman, himself admitted later in the year, that assistance 'to the goldmining industry has always been subject to the whim of the Minister of Mines of the day, the result being that has been rendered spasmodically.'\textsuperscript{13}

Just one day before the Greymouth meeting further proposals for aid to prospecting had been gazetted.\textsuperscript{14} These were almost identical to the 1878 regulations which had been revoked in 1882, and could not therefore be expected to be any more successful.

In October 1894 Cadman publicly defended the Liberal Government's prospecting policy. The £15,713 that his department had spent on prospecting in the previous year had, in his view, been of some definite good. Moreover, the fact that subsidised prospectors had made significant finds,

\textsuperscript{NOTE 11: GRA 17 Jul 1894.}
\textsuperscript{NOTE 12: NZPD Vol 83 P 622, 20 July 1894.}
\textsuperscript{NOTE 13: NZPD Vol 86, P 426, 2 Oct 1894.}
\textsuperscript{NOTE 14: N.Z. Gazette 1894, Vol II, P 1077, 15 July.}
such as the Waihi lode, pointed to the effectiveness of current policy.\textsuperscript{15} In July 1895 R.M. McKenzie, the member for Buller, spoke for most involved in prospecting when he said that the 'regulations were so hemmed in with restrictions and complications that ordinary individuals found it impossible to take advantage of them.'\textsuperscript{16} He suggested to Cadman that he simplify and amend the regulations by giving 'more liberal and adequate assistance' to private parties and individuals, and that the methods of application and payment be modified.\textsuperscript{17} Cadman was not moved. He intended to take the matter to the Goldfields and Mines Committee and alluded to a possible revision of legislation.

He again hinted at these plans when, four months later he listed twelve questions for reference to the Committee for consideration. The most significant of these was the third which sought the 'best means by which the mining industry can be further developed, utilising the surplus labour of the colony in prospecting.'\textsuperscript{18} The Committee ultimately reported that the whole question of development should be considered by a commission during the parliamentary recess. This request was declined because the Cabinet thought the costs prohibitive, and that little would be gained from such a commission.\textsuperscript{19}

A.R. Guinness, the Liberal member for Grey, accepted Cadman's challenge and some three weeks later came up with a positive scheme for the employment of the unemployed on the goldfields. Guinness, a Christchurch educated lawyer, had been elected to represent Greymouth in 1884 and was to

\textbf{NOTE 15:} NZPD Vol 86, P 440, 2 Oct 1894.
\textbf{NOTE 16:} NZPD Vol 87, P 239, 2 Jul. 1895.
\textbf{NOTE 17:} Ibid
\textbf{NOTE 18:} NZPD Vol 90, P 623, 1 Oct 1895.
\textbf{NOTE 19:} NZPD Vol 95, P 44, 26 Aug 1896.
remain in Parliament until his death in 1913. He was a dedicated supporter of Seddon, had become Chairman of Committees in 1893 and was later appointed to the position of Speaker of the House.

Although not a 'goldminers' representative' to the extent that Seddon was, Guinness was a member of the Goldfield's Committee and it was in their report that he suggested that the unemployed be put to work to aid the goldmining industry. He advocated that the goldfields be divided into several districts, in each of which unemployed men could be employed constructing water races and reservoirs. The government, he said, should spend at least £50,000 per annum on paying 'fair and reasonable' wages to the men. Part of the money expended could be recouped by mining rights of ten shillings per acre on all Crown land thus opened up. He maintained that this would employ a large number of men at 'little or no expense to the government.'

Although Guinness's plans came to nothing at the time, his scheme, or something similar, came to fruition some thirty-five years later as a form of depression relief. It was the depression and unemployment of the 1880s and 1890s that had persuaded first Seddon, then Cadman and lastly Guinness to look back to the romantic days of their youth and the goldrushes for an answer to contemporary problems. They all realised the value of gold, both as a source of national wealth and as a source of employment.

Throughout the nineteenth and early twentieth centuries there was a continuing debate over whether to support prospecting as a part of governmental policy. The

NOTE 20: NZPD Vol 91, P 552, 22 October 1895.
argument was related to the wider question of government involvement in business affairs. The Liberals in the 1890s greatly extended the role of the State. Moreover, on the question of aiding the unemployed, there was great division. Those who opposed State intervention in social matters did so because they felt that to aid the poor, destitute or unemployed was 'to spoil them'. This attitude is well illustrated by James McGowan, the Minister of Mines in 1902 during a speech on increasing prospecting subsidies. In his view, the 'best prospectors were those men who carried on prospecting themselves. A prospector is born, not made; he is a man who devoted his life to his work'. He continued to say that to increase the subsidy available under the existing regulations, or to give a direct vote would in effect be doing 'that which he would not allow - namely, supply small parties with the means to prospect a district.'

He was not against granting subsidies to an industry that was need, but would only help goldmining if the local bodies would take the initiative. That is, he was willing to make grants to goldmining only under the existing regulations that allowed subsidies to local bodies or interests. He was not willing, as Minister of Mines, to make direct grants to aid prospecting.

Throughout the early twentieth century McGowan was constantly being criticised by those of his colleagues representing the goldfield communities. Men like M. Gilfedder from Wallace, A.L. Herdman from Mount Ida and J. Colvin from

**NOTE 22**: NZPD Vol 120, P 314, 15 Jul 1902.
**NOTE 23**: NZPD Vol 125, P 613, 18 Sep 1903.
Buller repeatedly called for a renewal of mining legislation and a more active participation by the government in the gold industry. Colvin, in particular, felt that the government was subsidising almost every other primary industry, but not the one that had done more to colonise New Zealand than any other. Was it not, he asked, gold that had attracted at least two of New Zealand's most prominent politicians, and populated such areas as the West Coast and Coromandel.\(^24\)

Opposition members, and especially those from gold-field constituencies, turned their attacks directly upon McGowan and his management of the Mining portfolio. He had drastically reduced expenditure on all forms of development work. Between 1900 and 1905 New Zealand had borrowed approximately £5.75 million of which McGowan had spent a mere 9 percent on mining. However, between 1896 and 1900 Cadman, as Minister of Mines, had spent 20 percent of the £2.75 million borrowed.\(^25\) The feeling amongst these representatives was that the Mines Department was neglecting the gold-fields.

<table>
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<th>Year</th>
<th>Development £</th>
<th>Roads £</th>
<th>Total £</th>
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<tr>
<td>1896 - 97</td>
<td>98,950</td>
<td>89,357</td>
<td>188,307</td>
</tr>
<tr>
<td>1897 - 98</td>
<td>44,637</td>
<td>98,092</td>
<td>142,729</td>
</tr>
<tr>
<td>1898 - 99</td>
<td>45,000</td>
<td>62,625</td>
<td>107,625</td>
</tr>
<tr>
<td>1899 - 1900</td>
<td>42,250</td>
<td>72,700</td>
<td>114,950</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£230,837</strong></td>
<td><strong>£322,774</strong></td>
<td><strong>£553,611</strong></td>
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<tr>
<td>1900 - 01</td>
<td>46,967</td>
<td>83,650</td>
<td>130,617</td>
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<td>1901 - 02</td>
<td>50,000</td>
<td>84,783</td>
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<td>1902 - 03</td>
<td>50,000</td>
<td>84,160</td>
<td>134,160</td>
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<td>1903 - 04</td>
<td>20,000</td>
<td>38,700</td>
<td>58,700</td>
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<td>1904 - 05</td>
<td>14,000</td>
<td>36,900</td>
<td>50,900</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£180,967</strong></td>
<td><strong>£328,493</strong></td>
<td><strong>£509,460</strong></td>
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\(^{24}\) NZPD Vol 129, P 125 and 126, 3 Aug 1903.

\(^{25}\) NZPD Vol 133, P 279, 1 Aug 1905.
Moves for an improvement in mining law came from two sources, politicians representing goldfield areas and from within the industry itself. A mining conference was called by the Mines Department in June 1905. It was presided over by McGowan and was attended by representatives of the department and the industry. The conference claimed to have found anomalies in the administration of mining law which were later clarified by the 1905 Compilation Act.26

The conference also recommended the extension of the geophysic survey. As Colvin had suggested some years earlier, it was not enough to merely survey the topography of the country, what was needed was a thorough minerological survey.2

Following this recommendation a geologist, Dr Bell, was appointed to the staff of the Mines Department and the huge task of surveying New Zealand was commenced.

Suggestions by the conference for an increase in the prospecting subsidy were included in the 1905 Mining Amendment Act. This, however, did little to appease mining circles. Aid would remain as difficult as ever as long as the Minister reserved the right to grant it. H. Poland, the member for Ohinemuri and self acclaimed miners' representative, complained of the cumbersome procedures necessary to obtain a subsidy. In doing so he explained the complex manner in which subsidies were granted. If a man wanted assistance to prospect he had to first apply to the local body or prospecting association. If they approved the project and were willing to support him recommendations were forwarded to the Minister of Mines with a report from the local Inspector of Mines. Assuming this was approved, the Minister could then

NOTE 27: NZPD Vol 125, P 613, 18 Sep 1903.
grant a sum up to ten shillings per week (provided the local body followed suit) for a limited period of time. Out of this grant, apart from the usual prospecting or mining fees, the prospective miner had to pay five shillings per acre in survey fees and 2s.6d an acre as the first year's rent, payable in advance. At the end of a year, if he had not obtained either one ton of quartz or a specimen of gold, the rent increased to five shillings an acre and in a further year to 7s.6d. Not only was the subsidy very difficult to obtain and meagre, but the rents were seen to be crippling the development of prospecting. 'It is unfair,' said Poland, 'that a man who has not received any return from his land should have to pay the same rent as the Waihi company.'

Since the development of aid to prospecting as a part of Mines Department policy in the 1870s there had been four kinds of assistance available to the goldmining industry; aid for prospecting deep levels, subsidies for developmental and building work, subsidies to local authorities or miners' associations and rewards for discoveries. These four variations remained the same, in principle, throughout the nineteenth and early twentieth centuries, the actual amounts available, however, were changed frequently by regulation. In 1907 increases under the 1905 Amendment Act were gazetted. Assistance of up to half the total cost was available for prospecting deep levels. This aid was mainly to help quartz miners who had lost their veins, and was available only for

**NOTE 28:** NZPD Vol 139, P.27, 2 Jul 1907.
prospecting below the level of 1,000 feet.

Subsidies for the building of water races and storage reservoirs offered only one-third of the costs. There were limits on the size of work undertaken, and on the sale of water thus produced. As with the previous subsidy, there was also a limit on the number of subsidies that could be offered in any one goldfield district.

Perhaps the most important type of subsidy was that available to local bodies or miners associations. These were on a pound for pound basis, with no more than £500 per local body or Miners associations, at any one time. There were classes of pay for this, ten shillings per week, per man, or contract rates for tunnelling or sinking.29

The next year these regulations were again extended. Subsidies to local bodies and miners associations were increased to £2 for every pound spent, and the weekly wage doubled to one pound.30

These increases, however, amounted to little as long as McGowan's attitude remained unchanged. Small parties, in his view, did not tend to have the kind of results that were 'commensurate with expenditure'.31 They did not have the right equipment or know-how to penetrate the back-block areas in search of quartz lodes, which to him were far more important than alluvial deposits. He proved to be right, the easily accessible alluvial areas had been virtually all worked out by the miners of the previous century, but his contemporaries did not accept this and his attitude annoyed the goldmining interests of the time. The goldfield representatives were embittered by McGowan's reluctance to

NOTE 31: AJHR 1908, C2, P 2, Mines Statement.
spend departmental funds on aid. In 1906 W. H. Herries, member for the Bay of Islands had asked why only £2,000 of the £14,000 voted to his department for development work in 1905 had been spent. The Minister's reply hit the heart of the problem, 'so far no company has been able to comply with the Act.' McGowan thought the industry should change and the industry thought the Act should be changed. The fault still remained in 1907. J. C. Thomson, representative of Wallace, put the situation neatly when he stated that it was the capitalists alone who received any gain from mining. He felt that the men who had all the practical experience, the prospectors, should be able to gain assistance from the State, not those who already had financial backing.

In 1905 the Mining Act and regulations had been consolidated, three years later this had to be repeated. Mining legislation was in a state of constant change. Later in 1908 the Mining Amendment Act again increased subsidies for prospecting, making two changes in two years. The reasons for these changes can perhaps be found in the gold production figures. In 1906 gold production reached a peak of 560,000 ounces, a figure that had not been equalled since 1870. The next year, however, gold sales fell by approximately a quarter of a million pounds. This caused considerable anguish in mining circles, particularly because the loss of production came almost solely from alluvial mining. McGowan refused to be intimidated by the

NOTE 33: NZPD Vol 139, P 605, 24 Jul 1907.
dropping production figures. He maintained that the small prospector could not save the industry. What was needed were parties under government control, guided by knowledgeable leaders and geologists.\textsuperscript{34}

The debate between the Minister of Mines and goldfield representatives continued unabated for several years. The latter demanded more money, while the former declined to authorise any further expenditure. Poland, who by September 1911 had become the leader of the Goldfields Committee demanded to know why only 30 percent of the vote for assistance to mining had been spent. McGowan replied, as usual, that little could be done if the applicants did not meet the stipulated requirements.\textsuperscript{35} Prospecting aids and subsidies were at a standstill. Since their inception in the 1870s little had changed and no-one was satisfied. The goldfield representatives felt that little was being done to aid their industry, while the Minister felt he was doing as much as possible under the regulations, the principle of which he refused to alter. Men like T.W. Rhodes from Thames, who had long been an advocate of increased aid to mining felt that the regulations in force had been in existence for too long, and that 'the time had come when they should be altered so as to enable contributions to be made on a more liberal basis.'\textsuperscript{36}

In 1911 the Liberals appointed a Royal Commission to look into the position of the whole mining industry in

\textsuperscript{34} NOTE: AJHR 1908 C2, Mines Statement.
\textsuperscript{35} NOTE: NZPD Vol 156, P 286, 29 Sept 1911.
\textsuperscript{36} NOTE: NZPD Vol 164, P 565, 12 Sep 1913.
New Zealand. It contained representatives of mine workers, employers, government engineers and private interests. They visited every coal and metal mine in the country and reported at the end of that year. Early in 1912 Coal Mining and Mining Bills were drafted containing the recommendations of the Commission, both of which were tabled before the House in July. However, with the change of government and further delays it was not until the end of 1914 that the new Bills were made law.37

By that date, however, the mining industry was under the strain of the War effort. The First World War had two drastic effects on the gold industry. Firstly; an embargo was placed on the sale of gold by Britain, and secondly; a large number of miners left New Zealand to fight in Europe. By the end of the War both the gold production and the number of miners were reduced by approximately 50 percent.38 In 1913 there were seventy-four gold producing dredges, five years later this figure had been reduced to twenty-eight.39

Despite the decreased work-force, the main reason for the decrease in production was the embargo on the export of gold. On the 5th August 1914 the Banking Amendment Act was passed, prohibiting the export of all gold. Two days later the Banking Amendment Act (2) made forfeiture of gold the punishment for breaches of Mines Act.40 From 1914 until

NOTE 37: NZPD Vol 176, Pp 120-122, 29 Sep 1914.
NOTE 38: In 1913 there had been 4,749 men involved in mining. By 1918 there were only 2,458, and this figure continued to drop. In 1913 approximately 375,000 oz of gold were exported. In 1918 a mere 12,000 oz went overseas. This last figure however, is artificial because a lot of gold was hoarded. However, J.H.M. Salmon estimated a drop of 50 percent in production.
November 1919, all New Zealand's gold was exported directly to Britain, with a fixed price of £3.17s.6d. per ounce. Meanwhile the price on the world market was increasing due to an international rise in production costs, and averaged between five and six pounds per ounce.\footnote{41}

Another effect of the war was the decrease in the importance of gold. Until the war gold had been seen as the only truly economically valuable metal to be found in New Zealand. War demand caused Britain and the Dominions to increase the search for base metals. This shift in emphasis was noticeable in the supply debate of 1916. These debates had formerly centred around demands from the coal and gold industries. But now, for the first time, minerals such as iron and copper became equally important.\footnote{42}

The loss of goldminers added to wartime and post-war problems. In 1916, W.D.S. Macdonald, the Minister of Mines, proudly announced that no other industry had responded in such numbers to the call to arms.\footnote{43} It was assumed that the men would return to the mines on their release from the army, but it appears that they preferred the stability of a steady income. The numbers of miners continued to decrease right through the twenties.

After the war several attempts were made by the mining industry to gain some recompense for their losses during the embargo. Early in 1922 a report from the Goldfield's Committee on a petition calling for compensation from Richard Ross of Thames was laid before the House.\footnote{44} The Committee felt that some form of compensation should be made. T.E.Y. Seddon, son of the former Premier and representative of the goldmining district of Hokitika, agreed, and pointed to the injustices

\footnote{41: NZPD Vol 193, P 850, 31 Jan 1922.}
\footnote{42: NZPD Vol 176, P 268 contin. 28 Jun 1916.}
\footnote{43: Salmon P 265.}
\footnote{44: For further demands see NZPD Vol 192, P 526 contin.}
caused by huge increases in costs that had hit the mining industry during the war. He listed fourteen mining essentials such as shovels, ropes and explosives that had increased in price by an average of 260 percent since the beginning of the war, at a time when gold prices had been artificially held stationary.\textsuperscript{45} There was also the possibility that the banks had made a huge profit by hoarding the gold until the embargo was lifted. Although never proved, these accusations further embittered mining interests. Requests for compensation came to nothing because the Imperial government refused to reimburse the industry and the New Zealand government felt it was not their duty to do so.

Very little changed in government Mining policy until after the war. Pressure groups from the industry and both sides of the House lobbied successive governments for changes that never eventuated. There was very little difference between the policies of the first Minister of Mines Gisborne, the Liberals Seddon and McGowan, and the Reform Party's Macdonald. While out of office these men were willing to criticise mining law, but once in a position of power they did little to alter that which they had formerly fought against. In fact from 1878 there was no real change in mining legislation. The subsidies kept pace with, or a pace behind price rises, but that was all.

The 1920s and early 1930s were to witness the imple-

\textsuperscript{NOTE 45: NZPD Vol 193, P 846, 31 Jan 1922.}
mentation of a subsidised gold prospecting scheme. Its eventual introduction, however, probably owed more to the political expediency of a depression government than anything else. Throughout the 1920s there was growing pressure on W.F. Massey and later Sir J.G. Ward to implement a more suitable prospecting scheme. The proponents of such increases justified their arguments by references to the depressed state of the mining industry and growing unemployment.

The critical event was undoubtedly the 1926 Mining Conference. Since the end of the war New Zealand's mining industry had entered a sharp recession. Unemployment and intermittency of employment were constant features of life in the mining districts, especially on the coalfields. Accordingly, pressure for a reassessment of the entire mining industry grew. Considerable time at the conference was devoted to the problems of the goldmining industry.

The idea for a mining conference came not from the Mines Department, although A.J. Anderson, the Minister of Mines was patron, but from the Otago School of Mines. In June 1925 a steering committee was formed under Professor J. Park in Dunedin to organise the conference, the first since 1890.46 The conference was convened on 2 February 1926 at the Otago University and lasted until the 6th of that month.

Discussion on the future of the goldmining industry revolved around three main papers; one by R. Gilkenson, a mining solicitor from Dunedin, on mining legislation; one

NOTE 46: DMC P viii.
by J.F. Downey, a mines inspector from Reefton, on the
revival of prospecting; and one from A.H. Kimbell, the
Under-Secretary of Mines on State aid to goldmining.

Opening the Conference Professor Park set the scene
for the papers to come -

Since the war period goldmining has suffered
a double handicap in the great increase of
wages and cost of mines supplies, and in the
fixing of the price of gold at the pre-war
rate not withstanding the depreciation of the
pound sterling. The meaning of this is that
miners and companies that were able to make
ends meet in 1914 are now unable to continue
working except at a loss, or they have to be
content with a lower profit than the uncertain
nature of the industry warrants. 47

J.F. Downey, in his paper on prospecting and the
revival of the mining industry followed Park's gloomy
lead. Gold production in the twentieth century he said,
had reached its zenith in the years 1903-09 with an average
annual production of some £2,062,212. By 1923 this was down
to £698,583. The number of men employed had also dropped
dramatically. This he attributed to the decline of the
known fields, the demise of the 'old time' prospector and
certain economic factors. The war had depleted the work force,
increased costs and held returns at a standstill. Wildcat
investments in unwise ventures since the beginning of the
century, had discouraged many and diverted capital towards
safer ventures. Government expenditure had done little for
the industry he thought. Geophysical surveys had found no
unexploited deposits by 1926, and the possibility of finding
large quantities of gold was regarded by Downey as highly
improbable.

Downey, however, still nursed some hope. The
geophysical survey had covered in detail only one seventh

NOTE 47: DMC P xxix
of New Zealand. Large amounts of the remainder had been explored in a very haphazard way by prospectors in the previous century. Downey regarded them as ill-equipped for a close survey of such rugged country. 'Where there is room for exploration,' he said, 'there is room for discovery.' The industry, in order to revive itself, needed some kind of artificial stimulus, and Downey had several suggestions for this. Subsidised prospecting under the present system was not enough. The government should establish larger parties of at least six men under a competent leader who could educate the men and organise the expedition. He also suggested a more methodical approach to prospecting associations. Small local groups as existed, were ill-funded and parochial. What was needed was one national body which could raise the necessary finance from all sections of the mining community.

In his paper on mining legislation, Gilkenson pointed to a trend that has been frequently mentioned above. The Minister of Mines, he stated, held too much power in his own hands. The decision as to who received subsidies should not be at his discretion, but should be regulated by legislation. Until this happened Gilkenson maintained, development was completely at the whim of the Minister.

Kimbell took a completely different point of view from both Downey and Gilkenson. 'In no other country,' he said, 'does the state offer such liberal and varied assistance to miners and prospectors as in New Zealand.'

NOTE 48: DMC P 284.
NOTE 49: DMC P 296.
NOTE 50: DMC P 315.
listed the extent of assistance to all forms of mining, and the amounts spent since their institution. There were seven basic forms of state aid to mining, geophysical surveys, financial aid to prospecting, prospecting drills, loans for mining, schools for mines, subsidised roads to mining fields and government water races. He saw the first three as being of particular importance to the development of gold prospecting.

Since the first discovery of gold in New Zealand the government had employed geologists to explore and report on geophysical formations. In 1905 this was put on a more formal footing by the Mines Department. By 1926 some 20,049 square miles had been surveyed. This was far from being finished and no reports had been published. There were two kinds of prospecting subsidies; standard and deep leads. For standard prospecting the pay was either 39 shillings per week per man, or based on complicated contract rates. Subsidies for prospecting deep leads in quartz were for half the cost up to a maximum of £10,000. The Mines Department also had numerous prospecting drills which they hired out to companies or parties for testing quartz reefs. Where a government employee was used to supervise the drilling, the department paid half his expenses.

The conference broke up after three days of papers and suggestions on how best to aid the mining industry, but this was to no avail. No radical change to mining law was suggested by the conference, and none was forthcoming. It did, however, show a developing awareness of the problems of

NOTE 51: DMC P 311. See Appendix No. II.
NOTE 52: DMC P 316.
NOTE 53: DMC P 317.
the mining industry which was to become more important by the end of the decade.

The politicians and miners that had been at the conference were not alone in their concern over the mining situation. Residents of the goldfield areas were worried too. The businessmen, the mine workers and the prospectors were all affected. Almost every other primary industry in New Zealand was better treated. These people began to group together to pressurise the government for better legislation and increased aid to goldmining.

In September 1927 a public meeting was held in Waihi. Representatives of the local bodies and mining communities asked the government to make more land available for mining, increase state aid and reduce mining rents for unproductive land.54 A year later a similar meeting was held in Ohinemuri. A committee consisting of the Mayors of Waihi and Paeroa, representatives of the local Chambers of Commerce and mine managers had, at their own expense inquired into the problem of how best to aid local mining. They reported in September 1928 that the best practical aid would be government erection of a crushing battery for testing prospectors' ore samples.55 As usual nothing more than recognition was granted to either of these requests.

In June 1930 a bounty on gold production was requested by the Greymouth Chamber of Commerce. They mentioned that other industries were supported by government tariffs and subsidies. Why not mining? A bounty on every ounce produced would lead to a revival within the gold industry, which they

NOTE 54: NZPD Vol 213, P 950, 2 Sep 1927.
NOTE 55: NZPD Vol 219, P 75, 7 Sep 1928.
hoped would have the result of reducing unemployment.\textsuperscript{56}

This idea was brought forward again two months later at a public meeting in Inangahua. The main problem with the gold industry, as they saw it, was that inflation had caused a rise in living and production costs, but the price of gold had remained relatively stationary. The meeting resolved that 'as something had to be done to help gold-mining, and it was uneconomic to raise the price, the government should pay a subsidy of one pound for every ounce produced.'\textsuperscript{57}

Even areas as far removed from the goldfields as Christchurch felt that something should be done by the government to revitalise the industry. An editorial in the Christchurch Times suggested that goldmining was in need of some kind of stimulus to restore it to its former prosperity. The editor was sure that large areas of auriferous ground remained in New Zealand. All that was needed was a more systematic method of prospecting and an influx of government capital.\textsuperscript{58} A year later the Times again mentioned the importance of the gold industry, and its possible benefits to the community. An increase in gold production, which could be brought about by an influx of aid, would be very beneficial to the nation in troubled times.\textsuperscript{59}

The Christchurch Times was not alone in its interest in the possibility of a gold revival. The Greymouth Chamber of Commerce had in June 1980, called for a bounty on gold production similar to one planned in Australia.\textsuperscript{60} They had
hoped that a bounty would have a marked effect on unemployment by drawing a large percentage of the unemployed from the main centres. Getting little response to their proposals the Chamber tried again a few months later and passed a resolution asking the government to aid goldmining by introducing a bonus or bounty system on gold production. They felt that 'if there was a subsidy on gold, employment could be found for two or three hundred men,' in the Greymouth area alone.

As usual the response of the Mines Department was disappointing. The principle of aid to the mining industry would not be changed, no bounty would be initiated.

In October 1930 the Goldfield's Committee had been approached by five petitioners calling for further aid. H.E. Stevens of Thames was the most important petitioner. He had two main proposals. Firstly he suggested that the committee favourably recommend to the government the introduction of a bonus system.

The second proposal suggested that

the goldmining industry offers an opportunity for the employment of unemployed miners, and that the men so employed will render a more valuable aid to the state than is rendered by many men who are employed on relief works; and that the government be requested to formulate and bring before the Unemployment Board, proposals for assisting the gold industry with a view to relieving unemployment.

This proposal was not new. It had been mentioned often in the past, and quite recently in Parliament. It is important, however, because it is suggestive of what did actually happen. The close relationship between the

NOTE 61: GES, 28 Jun 1930.
NOTE 62: GES, 29 Nov 1930.
benefit of the unemployed and the benefit to the industry is made clear in this petition. This is what made the prospecting scheme so unusual. It helped everybody, the unemployed, the industry, and to some extent, the nation.

Public pressure and demands for increased aid and unemployment relief for the goldmining industry did not have any immediate effect on legislation. It did express, however, a trust in the mining industry's ability to save the situation. This was especially noticeable in a public meeting of local mining interests in Thames on 1 October 1931. It proposed a scheme, which was later approved by the local unemployment committee, whereby instead of working two or three days a week under the existing relief schemes, the unemployed should be placed on small mining claims with a government subsidy. Members hoped the Mines Department would pay for insurance and supervision of these men and in return, receive 15 percent of all gold earnings.64

As the depression worsened, more and more people began looking for alternative relief works. It was only natural that there were so many willing to look towards gold for a solution to insolvency. It was after all, the only primary product with an enhanced value.

Mining interests and local pressure groups were not the only ones who looked to the goldmining industry during the 1920s and early 1930s as a means of reviving state finances. In pre-war days, the goldfield representatives and other interested politicians were extremely vocal in

in their attempts to pressurise the Mines Department into a larger development vote and a more realistic policy. Poland made this clear in 1923, when he stated that, 'it is time the government recognised the value of the mining industry and made an earnest endeavour to increase production.'\footnote{65} Anderson, however, felt that if aid were to be given the local bodies should anticipate the proposals and be willing to support it thoroughly. In 1922 he had complained that two West Coast Counties, Westland and Grey had received £8,000 and £12,000 respectively in the previous five years from goldfield revenue, yet they still asked the government to contribute £3 for their £1 towards development. He maintained that it was as much their responsibility as it was his, and they should, therefore, be prepared to pay at least one third of the costs.\footnote{66}

Members like Poland, T.E.Y. Seddon and James O'Brien from Greymouth argued that the nation as a whole was willing to reap the benefits of an extremely valuable industry while it was prosperous, but preferred to ignore it in bad times. In the previous thirty years the district of Ohinemuri alone\footnote{67} had mined some £45 million worth of gold and silver and companies had paid over £6.5 million in dividends, while the government had spent a paltry £7,800 on prospecting the area.\footnote{68} If there was to be a gold revival the government had to be willing to make aid readily available.

The weekly subsidy for prospectors was treated by

\footnote{65}{NZPD, Vol 201, P 763, 13 Aug 1923.}  
\footnote{66}{NZPD, Vol 197, P 515, 4 Oct 1922.}  
\footnote{67}{See Appendix No.1 for national gold production figures.}  
\footnote{68}{NZPD, Vol 198, P 635, 26 Oct 1922.}
Anderson not as a wage, but as a 'grubstake' which merely assured the prospector that he would not starve. This was not regarded by mining interests as being incentive enough to attract men away from regular wages and family life. The department was asked time and time again to increase this to at least a £3 a week payment.

By the end of the 1920s, with an increase in unemployment, some politicians, like their counterparts of the 1880s saw the gold industry as a possible way out of their difficulties. Men like A.M. Samuel, M.P. for Thames, hoped that the

solution of the unemployment problem might be affected by the discovery of a new goldfield. He wished to urge upon the Minister [of Mines] the necessity for granting further assistance to prospectors. 70

The recognition of the gravity of the economic situation and the formation of the Unemployment Board in 1930 only added weight to the Samuel's proposal. In October of that year, the Goldfield's Committee suggested that goldmining would be an ideal way of helping the unemployment problem, and that definite proposals should be immediately put to the Board. 71 A grant from the Board to the Mines Department was being planned at the time, but this was only a very temporary measure. In the meantime, the department was still hampered by a lack of funds, caused by the general government retrenchment, and could do nothing on its own to increase the scale of prospecting operations. Conditions were similar across the Tasman, but at least New South Wales was actively involved. Parties of sixty to seventy men were sent out prospecting. They

NOTE 69: NZPD Vol 207, P 901, 2 Sep 1925.
NOTE 70: NZPD Vol 223, P 22, 24 Sep 1929.
were supplied with all the necessary equipment and paid one pound a week wages. The men were allowed to keep all gold found and were supervised by experienced men. By October 1930 there were some 16,000 Australians on this scheme. All this was financed out of Unemployment funds. 72

The possibility of a similar scheme operating in New Zealand was raised in the Legislative Council early the next year by the Honourable Mark Fagan. Fagan, had long represented mining interests. He had mined in both Australia and the West Coast and had been the General Secretary of the Inangahua Gold and Coal Mines Union for sixteen years before entering the Council. He was well qualified to comment on the goldmining industry and mentioned that New Zealand was restricted by three things in 1931, the decreased income from primary produce, massive unemployment and an inability to borrow abroad. The rising price of gold 73 encouraged him to look towards mining as a relief scheme. Other relief measures were only 10 percent productive, he said, but with gold prospecting, the figure could be as high as 60 percent. Even if it cost £6 to produce £4 worth of gold, it would be more worthwhile than spending £10 on £4 worth of roading. With almost Keynesian insight he maintained that it did not matter who received the gold from such a scheme, as long as it was allowed to circulate in society. 74

During these years after the war the goldfield representatives put forward goldmining as a means of aiding the nation's deficits and employment problems.

NOTE 73: Gold was then worth over £5 per oz in Melbourne.
NOTE 74: NZPD Vol 229, P 729 - 733, 18 Sep 1931.
Gold prospecting was a more economic way of providing relief because it produced immediate wealth. This was quite unlike the No. 5 Scheme which was initiated in early 1931 and was seen as soul destroying and wasteful. Political pressure for an increase in prospecting aid had turned away from the Mines Department by the end of 1931. It had always refused it, or enmeshed it in endless regulations. They were now looking towards the Unemployment Board for future aid. The eventual establishment of the gold prospecting scheme was not solely a matter of depression relief. It came from many different parties who saw in it the possibility of relieving unemployment, improving national income, and lastly, as a means of relief to a long suffering industry.
DEPRESSION RELIEF

If we accept the Wall Street crash, October, 1929, as the conventional dating of the onset of the depression, it is significant that it was not until mid-1932 that the gold prospecting scheme was established. This date could be linked to an apparent change in governmental policy with the introduction of Coates and the Coalition Government in September, 1931. But there is more to the timing than this. The local bodies were themselves in a position to introduce such a scheme into their unemployment policy. As Helen Breen suggests the government was more than willing to support the local Unemployment Committees who were 'entitled to a major share in the administration of relief to the unemployed.' As we have seen, pressure had been applied on the government by the local communities for the establishment of a gold prospecting scheme. Why then were the local bodies so slow in responding? The main reason for this lay in their inability and reluctance to take the initiative. Rather than establish a scheme of their own, the local bodies preferred to wait for the Unemployment Board to take the initiative, or to rely on traditional aid available from the Mines Department. By mid 1932, however, it was obvious that the Board would not supply a special grant for prospecting, as it had for the building and farming industries, and that the Mines Department did not have the finance to continue its existing aid.

The Unemployment Board's eventual acceptance of gold prospecting as a part of the No.5 Scheme in 1932 does not represent a move towards an enlightened depression relief policy. G.R. Hawke describes a similar process in his article

on Coates and the establishment of the Reserve Bank during the depression.

It is at least misleading to describe the Reserve Bank as originating as an anti-depression device. It can be traced directly to Treasury's concern over the exchange problem in 1930 and not to recognition of a depression in New Zealand. 2

The principle here is very similar to the establishment of the gold subsidy. It has been established by historical convention that 1932-1933 was a water-shed, dividing the government's depression policy into two parts, 'mindless inactivity, followed by deliberate intervention.'3

The idea of a prospecting subsidy, had been in circulation very much longer than that of the Reserve Bank. The introduction of such a scheme can not be seen primarily as a part of a governmental policy change.

The timing of the introduction of the gold subsidy should be seen more as a matter of political expediency. Late 1931 and 1932 saw the worsening of a misunderstood economic phenomenon. Both Ward and Forbes had seen the depression as a temporary economic crisis, to be met by suitable short-term methods. By this time, however, further increases in unemployment had given the depression an appearance of permanence. Both the government and the local bodies began to look elsewhere for more suitable ways of alleviating the increasing hardship. The government was willing to further develop a small scale scheme that had proved relatively successful, and the local bodies were willing to drop requests for an independent vote for prospecting and incorporate it into their existing schemes.


NOTE 3: Ibid P 77.
New Zealand could scarcely have been in a worse condition to cope with an international depression than in 1929. The prices of primary produce, which amounted to some 94 percent of all New Zealand's export earnings had decreased between 1925 and 1927, and although they began to rise slowly in 1928 the economic position was still very unstable. At the beginning of 1929 New Zealand appeared, momentarily, to be emerging from a period of post-war depression, rather than preparing to enter another. The unexpected economic crisis of the 1930s forced a haphazard and piecemeal relief system onto a nation that was basically unprepared. It was not until well into the thirties that the government was adequately experienced in depression politics to attempt new and more suitable means of combatting this problem.

In 1921 the weekly average for registered unemployment had been as high as 1,097. By 1925 this figure had fallen to 426. A year later it rose again to a post-war high of 1,196. This increase in 1926 prompted J.G. Coates, as Reform Prime Minister, to pass the 'Local Bodies Empowering Act', which, although only a stop-gap measure, did allow some measure of relief to the growing number of unemployed. The Act permitted local bodies to borrow money from the state for the relief of unemployment, without

NOTE 5: Sinclair 'A History of New Zealand' P 231.
NOTE 6: AJHR 1929, H 11b

Average weekly unemployed.
1921 - 1,097 1922 - 1,237 1923 - 599
1924 - 426 1925 - 1,196
1927 - 1,952 1928 - 2,504 1929 (to July) - 2,975
having to raise a poll tax on rate payers. Between 1926 and 1930 under these regulations and relief measures taken by government departments, some £1.8 million was spent on unemployment.

The economy worsened towards the end of the 1920s, and between 1928 and 1931 New Zealand's export prices fell by over 40 percent. It was no longer possible to borrow abroad the annual five or six million pounds that had become the norm. 'Building was reduced by three-quarters, industry slowed down, short-time work increased five-fold' and unemployment increased. By December 1930 there were 11,000 registered unemployed. By October 1931, the figure had risen to 51,000 and a year later it was 56,000.

As early as 1928 the government perceived that more had to be done about unemployment. In October a committee of seven, headed by W. D. Hunt, Managing Director of Wright Stephenson and Company and veteran of two Taxation Committees in the 1920s, was commissioned to look into this question. The report of the Unemployment Committee (or as it was more frequently called, the Hunt Committee) was laid before the House in two parts, one on the 29th August 1929, and the other on the 26th January 1930.

The committee reviewed earlier treatment of the unemployed. Up until the present, all efforts to relieve

| NOTE 7: N.Z. Statutes 1925 P 5. |
| NOTE 8: G.E.S. 26 Feb 1930. |

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| NOTE 9: W.B. Sutch: 'The Quest for Security in New Zealand' London 1942, P 115 |
unemployment had been in the field of public works and special relief from the government and local bodies. Such a procedure was administratively complex and costly. Only 70 percent of the money was used to provide work, the rest paid for the duplicated administration. This wastage caused by a lack of co-operation between employing authorities led to the recommendation that a central controlling body be established. 'Two things are urgently required: first, the creation of a permanent organisation to deal with problems of unemployment, and second, a fund to be used for the purposes of such an organisation.' 12 The Unemployment and Sustenance Fund was to be financed by a poll tax of thirty shillings per year on every male over the age of twenty. The Committee stressed that the tax was to be paid by everybody because unemployment was a social problem, the risks and costs of which must be borne by the whole society. Being a primary producer the small secondary industry in New Zealand could not support an unemployment insurance scheme as in other countries that depended heavily on employer contributions. The Committee hoped that this fund would provide some £700,000 per annum which would be increased from the Consolidated Fund by a grant equal to one-third of all expenditure.

The second part of the report stated the format of the permanent organising body, which was to be called the Employment Board. It was to co-ordinate a national programme for the encouragement of employment and the redevelopment of industry in an attempt to foster this.

The immediate effect of the Hunt Reports was the 'Unemployment Act', passed in October 1930. This Act followed the committee's recommendations almost to the letter. An Unemployment Fund was established and financed by the recommended poll tax. A permanent body, the Unemployment Board was established to control national unemployment policies.  

The Board had three main functions: firstly, to make arrangements between employers and employees for the development of private employment; secondly, to promote the growth of New Zealand industry and hence employment; and thirdly, to make recommendations for the payment of sustenance. The provisions for the payment of sustenance however, were not used until after the Labour Party's victory in 1935. One important change from the recommendations of the report was in the degree of aid available from the Consolidated Fund. The report had suggested that the Consolidated Fund be used to subsidise the Board by one-third of all expenditure. The Act, however, increased this to one-half. The Board's funds were closely controlled. It was not possible to borrow from other sources, and the Board could only use the credit directed specifically to it. The new Board met for the first time in November 1930.

In that month the British banker and economist Sir Otto Niemeyer departed from New Zealand. After advising the Australian Federal Government, he had been invited to

**NOTE 13:** The Unemployment Board consisted of eight men appointed by the Governor-General for a period of two years. The Chairman was to be a Minister of the Crown, two men were appointed by him from the Labour Department (later the Unemployment Department), one employer from a primary industry, one from a secondary industry, two representatives of labour interests and a member of the Returned Servicemen's Association.
New Zealand to assist the government on plans for dealing with the problems of depression. His prescription was one of rigid economy followed by rigid economy. This was in keeping with the feelings of the United government of the time. There had been cuts of some £5 million in the 1930 budget. The next year there was a further reduction of £8 million, which, together represented a pruning of one-third of normal revenue.15

Returning from an Imperial Conference at the beginning of 1931, the Prime Minister, George Forbes, stuck rigidly to the principle that New Zealand should avoid the dole system. There would be no pay without work. Forbes regarded handouts as encouraging laziness and demoralizing to the recipients. The Unemployment Board clung to this principle throughout the depression.

Shortly after Forbes' return, the Board started its version of the 'final solution', the No.5 Scheme. When this scheme started in February, 1931, there were about 23,000 registered unemployed, all of whom were promised some kind of employment under the scheme. Within a month unemployment figures were up to 38,000. The pressure was too much for the Board, and in April it was forced to temporarily stop all payments.16 There were not enough funds available. In July, the 'Unemployment Amendment Act' 1931, was passed which increased the finances of the Board and altered its structure in an effort to cater for this huge increase in unemployment.17

NOTE 16: Ibid.
NOTE 17: The levy of thirty shillings per annum was reduced to £1 and an Unemployment Tax of 3d in the pound was introduced on all income. The newly appointed Minister of Unemployment, G. Coates, became Chairman of the changed U.B. along...
Even with increased finances there was still not enough work or money to go round and both had to be rationed. There was a toughening of eligibility for relief and the rates of pay were reduced. Single men received only nine shillings per day and could work only six days each month, while married men received 12s.6d. for nine days, or twelve if they had two or more children.18

The government's reaction to the depression was not part of a planned policy. It was led by events rather than leading them. The Unemployment Board was established on the recommendations of an 'independent' committee, and when this failed it was simply remodelled to fit existing needs. In this manner depression policies proceeded, never leading, always following, in the shadow of events.

The Board was willing to hand the initiative for relief schemes to the local bodies. In the case of the prospecting schemes, however, local bodies could not really cope with this initiative. Local organisations, especially on the West Coast, had been demanding for years, that the government cement a relationship between the gold industry and unemployment, but they were very half-hearted in their attempts to forge any such relationship themselves.

The first meeting of the Unemployment Board was held on 25 November 1930, and almost immediately it began to organise a national infrastructure for the establishment of a relief policy throughout New Zealand. Four days after their first meeting, the Board made a national call for local

NOTE 18: G. Lawn, 'Unemployment Relief in New Zealand' Economic Record Vol VIII Nov 1931
Unemployment Committees to operate local relief. The local Committees were to consist of, or be representative of, local governing authorities and such other bodies as Hospital and Charitable Aid Boards, the Red Cross, religious groups, organisations already aiding unemployment, labour organisations, employers associations, manufacturers, the R.S.A., representatives of the legislature and the Labour Department. 16

It was hoped that the local committees could help by collating statistics relating to local unemployment, and by encouraging the unemployed to obtain jobs for themselves without having to rely on relief.

The Unemployment Committees, or in their absence, a local officer from the Labour Department, were to act as local agents of the Unemployment Board. Wage rates were left to their discretion on the proviso that the Board would refund no more than the standard relief rates. 20 Allocations for relief payments were made by the Board on the basis of the number of unemployed and their status. A lump sum was provided for the whole of New Zealand each week. This was divided into districts based on unemployment figures for the previous week. The Board had nothing to do with local allocations. These were the responsibility of the local committees. They were thus able to incorporate any method they wished as a means of relief. That they did not use imaginative methods of employment could be blamed on their conservative nature and a desire to husband their resources carefully. In the goldmining regions the committees had the power to initiate prospecting schemes, in 1930, but they preferred to wait until the government took steps to introduce such a scheme. They expected that the

gold scheme would be costly and hence their constant demands for more money and their unwillingness to 'go it alone'. Their motive in this proved to be primarily one of self-consideration. They hoped that special grants would be made available for prospecting and were reluctant to use their allocations from the No.5 Scheme.

The local committees varied in size and responsibility. For example, the Greymouth Committee which met for the first time in December 1930 covered the whole area between the Grey and Taramakau Rivers. The small township of Ross, however, had its own committee. The representation and attitudes of the Ross Unemployment Committee throw much light on the day to day running of such bodies. The Mayor of Ross, H. Osmos, was the Chairman of the committee which was established in February 1931. There were two other council representatives, A.W. Peebles, the Town Clerk, and Councillor K.O. May. There were also two representatives of religious bodies, one from Labour circles, an employer, a farmer, and the Postmaster who represented the Labour Department. The largest industry of the town, the sawmill, was in fact represented twice on the committee, K.O. May was its Manager, and G.H. Chapman, the employers' representative, its owner. The closeness of the community meant that the committee was in a better position to judge the problems and possibilities of the area than was the case in larger areas and cities. A later Mayor of Ross, J.A. Murdoch, was Chairman of the Unemployment Committee and the Ross Prospecting Association. It was this awareness and proximity to local industry that led to early demands from the Ross Committee and others like it, for separate grants for gold

**NOTE 21:** G.E.S. 16 Dec 1930.
**NOTE 22:** Ross Archives, (Canterbury University) D 5, Ross Unemployment Committee Minutes, 4 February 1931.
mining. This closeness of community, however, also had disadvantages. The committee was often influenced by its knowledge of the men it was aiding. An example of this occurred in August 1931 when the Ross Committee forced G. Roberts to stand down from relief work for two weeks because he had made a statement to the effect that some members of the committee were 'not behaving in a straightforward manner.'

This kind of autocratic power and influence caused much resentment between the unemployed and their fellow townsmen on the committee.

The Unemployment Board started in 1930 with three relief schemes. Number One was a £2 subsidy to local bodies for £1 spent on relief. The local bodies were to provide work and supervision of the unemployed and pay one-third of the standard relief rates. Thirty-two thousand pounds were made available for this scheme which provided 50,000 working days for 4,000 unemployed until January 1931, when it ended.

Number Two scheme was an attempt to include the private sector in relief. The Board paid 50 percent (7 shillings) of wages to employers to do development work which could not normally have been financed. The Third scheme was an attempt to provide at least two days' work, at 14 shillings per day, for every unemployed man in New Zealand before Christmas 1930. These three schemes were superseded in 1931 by schemes numbered 4A, 4B and 5. Scheme No. 4 was initiated to help the development of productive farmland. 4A paid one-half of labour costs to farms to provide for work that would otherwise not be done, and 4B was a similar subsidy based on contract rates.

NOTE 24: AJHR H 35, 1931.
The No. 5 scheme which started in February 1931, was intended to operate only until the end of March, and had a limited expenditure of £150,000. Local body response was so great, however, that it was extended indefinitely. Work on the scheme officially started on 9 February. It was a plan to give everyone relief by rationing the work and funds available. The work was provided by Borough and County Councils, Harbour, Town, River, Road, Drainage, Domain, Hospital, Education and Tramway Boards, and any other bodies approved by the Board. These local authorities supplied materials, supervision, transport and paid the wages, which were reimbursed by the Board. All unemployed males over the age of twenty were eligible for relief, but preference was given to men with dependents, or to necessitous cases. Payment was at the standard rate of 14 shillings per day and was rationed according to the number of dependents. The response to this was enormous, and by the end of March the Board was financially crippled. On 11 April all payments were stopped for two weeks and the scheme was re-organised and placed on a more permanent footing. Wages were reduced from 14 shillings a day to 12.6d. for married men and 9 shillings for single, and the weekly rations were cut down. The wages were later reduced again to 10 and 7 shillings respectively. Further restrictions were also placed on eligibility for unemployment relief, which penalised the recently unemployed and the thrifty.

By the end of April 1931, the Unemployment Board had established what they regarded to be an efficient relief scheme by which it could bring some degree of normality to the depressed state. No. 5 scheme survived in this shape throughout the depression. It was the main element of

Shortly after its institution the Unemployment Board perceived the possibilities inherent in the goldmining industry. As Coates himself maintained in his departmental report:

One of the few redeeming features of the present economic situation ... is the reversal of the relationship between the price of gold and its cost of extraction, making it one of the few products to stand at a premium. 27

In the twelve months from March 1931 the price of gold rose by more than 50 percent. 28 A special scheme was formulated which had the advantage of increasing gold production while relieving unemployment in otherwise difficult areas, particularly the West Coast and Central Otago. The primary aim of the scheme, which was organised in conjunction with the Mines Department and No. 5 Scheme, was to 'help such men to become self-supporting within the shortest possible time.' 29

The Mines Department had long followed a policy of encouraging prospecting through subsidies, but by 1931 cuts in expenditure had reduced this to a pittance. The Unemployment Board, being interested in prospecting as a way of relieving unemployment and encouraging self-sufficiency, decided to promote prospecting through the conventional

NOTE 26: Unemployment Board expenditure from formation to 31 Aug 1931 was approximately £1.5 million, of which over £1.25 million was spent on the No. 5 scheme.
NOTE 29: Circ. UB 246: 1 Jun 1933, UB to Mining Executives.
channels of the Mines Department. They were encouraged by a flood of requests for aid to the Mines Department and the Board from prospecting associations and individuals. On 13 March 1931 the Prime Minister, on recommendations from the Board, approved an allocation of £2,000 from the Unemployment funds to the Mines Department to allow one hundred married unemployed men to prospect for gold. This was a temporary grant, lasting only until April and was to be organised under existing Departmental machinery. The miners were to be paid not by the Board, but through the Mines Department at the standard prospecting rate of 39 shillings a week. They were organised into small parties under Mines Department supervision.\(^{30}\) The £2,000 was included in the annual vote of £9,000 for prospecting, and although less than one-half of the later sum was spent, it still encouraged a noticeable increase in prospecting. In August 1930 there had only been 56 prospectors working for the Mines Department. A year later, the figure had risen to 236.\(^{31}\) By the end of 1931, the Grey River Argus stated that the government had enabled men to prospect in areas from Thames to Preservation Inlet, and that many had been able to continue 'without further assistance'.\(^{32}\)

So encouraged was the Board by the results of this experiment it felt justified in continuing prospecting on its own. The Board's attitude to this experiment was summed up in a statement by J. Jessep, the Deputy Chairman. He

felt that a gold revival would go a long way towards solving
unemployment, and because of this the Board was willing to
work with the Mines Department to develop a systematic
prospecting scheme. Even if it was unsuccessful, 'the Board's
belief is that it is better to have tried and lost than never
to have tried at all.' 33 This was the Unemployment Board at
its visionary best. During 1931 the Board had been persuaded
by such Members of Parliament as G.C. Black from Motueka, to
co-operate more completely with the Mines Department instead
of wasting money on worthless relief schemes. 34 He encour-
aged Prospecting Associations to write to the Prime Minister
asking for aid from unemployment funds, because the usual
source of this, the Mines Department, had insufficient
finance. In an encouraging reply to the Ross Prospecting
Association, the Minister of Mines, suggested that they
approach the local unemployment committee for aid. 35 In
September the Under Secretary of Mines made the possibility
of Board funded prospecting scheme clear in a letter to the
Inspector of Mines in Reefton.

The UB has considered the matter of gold pros-
pecting and after going into the question with
the Mines Department have decided that authority
be given to divert a number of unemployed from
the present work under No.5 to prospect for gold.
The arrangements are that a portion of the weekly
allocation under that scheme, say £20, will be
deducted for such a purpose and the committee is
to get in touch with you to arrange as to the
details regarding the placing of the men, payment
of wages, etc., which will be arranged by this
Department. 36

NOTE 33: Ibid
NOTE 35: Ross Archives. C 27: Minister of Mines to Ross
Prospecting Association, 15 Oct 1931.
E. Scoble, Inspector Mines, Reefton, 26 Sep 1931.
The Under Secretary stressed that the scheme was only experimental and that no established format had been finalised.

On 5 November, the rules for the gold prospecting scheme were finalised and made public. All conditions regarding eligibility of applicants were the same as those of the No.5 Scheme. Like the Mines Department subsidy, all applications had to embody a full description of the locality to be prospected or developed, and, if possible, a plan of the proposals. This was later waived when inexperienced men began to apply for subsidies. All applications were forwarded to the District Inspector of Factories, by the Unemployment Committees, who would enquire into the character and experience of the prospector through Mining Inspectors or local prospecting associations. If the Inspector was satisfied, he would approve a subsidy for a two-month period, which could later be extended by the Unemployment Board. The men had to supply their own equipment and were paid out of allocations to the No.5 Scheme, the sum of 30 and 15 shillings for married and single men respectively. All gold found was to belong solely to the prospector. If he made more than £3 per week, the Inspector of Factories could stop the allowance. A weekly return of all gold found and work done had to be given to the Inspector, who, along with any other government official had the right to inspect the claim at any time.37 The responsibility for setting up the scheme was usually left to the individual Unemployment Committees. The committees, not without mistakes, proceeded to implement the scheme in

**NOTE 37:** GRA, 6 Nov 1931.
their areas, with the advice of local prospecting associations, as part of their unemployment relief.

In Reefton, for example, the Committee, in conjunction with the Mines Inspector, made up a list of possible unemployed and give it to the Reefton Prospecting Association to select and organise prospecting in the area. Unfortunately in this case there was a mistake and the men were informed that they had to report for prospecting. Any defaulters would receive no further relief. Both the association and the unemployed were against compulsory prospecting, and until the misunderstanding was remedied the scheme threatened, at least in Reefton, to become a fiasco.38

The new scheme, although not independent of existing finances, as the unemployment committees had hoped, was an initial success, and by the end of March 1932 the Board had assisted at a cost of £6,000, between five and six hundred prospectors.39

Many of the local bodies were not satisfied with the new scheme, as it did not completely fulfil all expectations. In November, just after the rules were made public, the Ross Prospecting Association, Borough Council and Unemployment Committee all sent recommendations to the Unemployment Board and the Minister of Mines. They suggested that the pay was not sufficient to lure men into prospecting and should be increased to £3 per week for married men and £2 for single men. Increased and separate funds should also be made

available for prospecting. The Westport Council Council agreed and wrote to Costes,

To be candid we are not too enamoured...the assistance meted out from Unemployment funds should be at least equal to those apportioned for assistance to the farming industry. We note that there are no funds specifically set aside for this important industry, and that any expenditure involved is to be meted out of the weekly allocations made for scheme No.5. We urge you to reconsider this matter, and endeavour to allocate a special fund similar to funds allocated for schemes 4A and 4B. 41

The Council continued to criticise the application procedure by which men had to apply through the Greymouth Inspector of Factories and proposed a special area unemployment committee, consisting of local mining interests, which could deal with such applications.

Criticism from the West Coast peaked in March 1932 when the Grey Unemployment Committee called a meeting of all West Coast Committees to look at the gold scheme deficiencies. It passed three main resolutions. Firstly, it wanted to spend part of the No.5 allocations on opening up back areas for prospecting. Secondly, it requested an extra prospecting allocation from the Unemployment Board, over and above the No.5 allocation. Lastly the committees wanted the power to allocate funds for the provision of equipment and food, in an effort to encourage prospecting for reefs, rather than alluvial deposits. 42 The first and last recommendations were taken up by the Board, although it refused to

NOTE 40: Ross Archives, C 27, Ross Prosp. Assn. to Minister Mine 16 Nov 1931. Also UB 11/5/11, Mayor Ross to Chairman UB.


NOTE 42: UB 11/5/-, Grey Inspector of Factories to Minister Unemployment, 18 Mar 1932 AND

GRA 15 Mar 1932 AND

GES 14 Mar 1932,
to change its policy of no separate grant for prospecting.

In December 1931 the Greymouth Inspector of Factories toured the West Coast inspecting new developments. In Ross he met Mr Murdock, the Mayor and Chairman of both the Unemployment Committee and the Prospecting Association. There were only two applications in the area for prospecting, and this he attributed to the attitude of the prospecting association which preferred to rely on Mines Department grants. In Hokitika the response had been somewhat better and six men had applied to the committee for aid. Kumara's response was ten applications for five claims, and although the Mines Inspector had not seen these, the committee had already granted subsidies to four. There had been no applications in either Reefton or Westport. Both had recently established Prospecting Associations, which like Ross, preferred to rely on the Mines Department. The Grey area, however, was much more promising. Up to the end of November, forty-one unemployed men were working on claims and there were another twenty applicants.43

In February 1932, the Under Secretary of Mines attended a meeting in Dunedin to explain what the Unemployment Board had done about prospecting on the West Coast. The meeting established a committee which became the first Mining Executive, to co-ordinate the efforts of the various Unemployment Committees, the Mines Inspector and the Prospecting

NOTE 43: UB 11/5/-, Grey Inspector of Factories to Commissioner UB, 4 Dec 1931.
Associations in Central Otago. The Committee decided where prospectors could work and rates of pay, which were the same as those on the West Coast. By the end of the year, the scheme was well under way in Otago with about one thousand men employed in the four Counties of Lake, Vincent, Tuapeka and Maniototo.

The idea of a permanent Mining Executive attached to the local Unemployment Committee spread northward from Dunedin. The Executive, which was to have a major part in the every-day organisation and supervision of the prospecting scheme, was made up of local mining interests and was attached to the local council. This tended to keep the schemes on a smaller and more personal level. On the West Coast Executives were established in each of the four Counties: Westland, Gre; Inangahua and Buller. This localisation allowed geophysical variations to be taken into consideration for management purposes.

By the end of 1932 there were about 2,000 prospecting in predominantly alluvial areas of the South Island. The Board was confident enough to develop the scheme in the quartz areas of Thames and Coromandel. These areas were not so easily adapted to small-scale prospecting, and here the expertise of the Executives and the Thames School for Mines was invaluable.

As the prospecting scheme developed in the goldfield areas, the potential for expansion became apparent. Gold

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**NOTE 45**: GRA, 9 Dec 1932.

**NOTE 46**: Ibid
prospecting was seen as a partial remedy for the increasing number of unemployed in the cities. In March 1933, after a trip around the West Coast, Jessep informed the recently established Mining Executives that after utilising all local unemployed, they could apply to the main centres for drafts of extra men. Experience and equipment would be the priority in choosing these men, who would be organised into parties of ten to twenty. If the men could not afford the transport, an advance would be granted by the Board. This would be repaid by taking 50 percent of all gold found.47

A month later the Board sent a circular to all single men's camps in the Wellington and Nelson districts encouraging men to go prospecting.48 In November the Department of Labour was advised that there were fifty vacancies for men in relief camps to prospect in Takaka.49 The local bodies on the West Coast, who had, but a few years earlier, proposed gold prospecting as the saviour of the country were suddenly non-committal about unemployed from cities.

By the end of 1933 the gold prospecting scheme was established in Thames, Coromandel, Nelson, Marlborough, the West Coast, Central Otago and Southland. Four thousand men were gainfully employed.

NOTE 48: UB 11/12/- Circular to Officers in Charge of Single Men's Camps in the Wellington and Nelson Districts, 6 Apr 1933.
NOTE 49: UB 11/12/- Commissioner UB to Labour Dept, Wellington, 9 Nov 1933.
The scheme had developed in a slow and cumbersome manner during 1931 and 1932. It was a matter of expediency on the part of both local and central government. The local bodies had been reluctant to expend employment funds on prospecting. They had preferred a separate allowance. The central government felt it had given the local bodies sufficient autonomy to establish such a scheme when needed. This impasse was finally resolved by the inclusion of subsidised prospecting as part of the No. 5 scheme.
GOLD PROSPECTING SCHEMES

The Gold Prospecting scheme was more than a ploy to encourage the unemployed to prospect. Divided into three main schemes, subsidies for gold prospecting endeavoured to accomplish the dual task of increasing gold production by aiding the mining industry and fostering employment in areas where other relief schemes seemed impracticable.

The gold prospecting subsidy was primarily administered by the No.5 scheme, under which work was found for well over half of the country's unemployed. The Unemployment Board's involvement in gold prospecting was, however, reliant upon more than this No.5 scheme. Men were also assisted to become goldseekers under two further schemes, Numbers 8A and 8B. These schemes were subsidiary to the No.5 scheme, however. G.C. Godfrey, the Commissioner of Unemployment, noted in May 1934, that 'over 90 percent of all gold prospectors were employed under the No.5 scheme. There were fifteen County Council in New Zealand controlling 3,600 men employed in gold prospecting. Of these only 200 were under Schemes 8A and 8B.'

Gold prospecting under the No.5 scheme was established with the twin hopes of encouraging employment and increasing gold production. The former proved to be the more important. There were never more than 3,500 men employed on this scheme. The combined prospecting schemes reached their maximum numbers in October 1933 when 4,013 men were employed.

Of these some 3,233 were on the No.5 scheme. The national figures for registered unemployment had peaked a month before at 79,435. This figure shows the truly insignificant contribution the prospecting scheme made towards unemployment relief. The 3,233 prospectors in October 1933 accounted for a mere 4 percent of the total registered unemployed and 7 percent of the 42,717 men working on the No.5 scheme. It was, however, very important to the unemployed in the goldmining regions, especially the West Coast, where alternative employment opportunities were few.

The auriferous regions of New Zealand, including the West Coast were generally rugged, under-populated and unsuitable for most established forms of unemployment relief. The farmland on the 'Coast' was, for the most part, poor, and could not support the development work offered under schemes 4A and 4B. The West Coast's major industries were coal and forestry. Both, but coal production, especially, suffered greatly during the depression. Since 1920 the New Zealand coal industry had been in a crisis situation. Coal could be imported from Australia more cheaply than it could be produced on the West Coast. Combined with this was a general collapse in the internal market caused by the increased use of electric power and the further development of the internal combustion engine.

In many 'Coast' townships, the total population was reliant either on the coal or timber industries. The small townships of Ross and Blackball are typical examples. In Blackball, where the population was slightly over 1,000, approximately 170 families were supported directly by coal-mining. By 1931 the decline in demand caused the mine to lay

NOTE 4: NZ CENSUS, 1926.
of several townsmen and a resulting strike called by the Miners' Union lasted ten months, demoralising both the mine and the townsmen. The people of Blackball had no alternative employment to turn to and became dependent on the state for support. The 500 people living in Ross relied similarly on the timber industry for their livelihood. Again, when the depression caused a cut-back in this industry there was little opportunity for alternative employment. Unlike the cities, or even the larger towns on the West Coast, these townships did not have the resources to depend solely on what were regarded as standard forms of relief. Roading and development works demanded a certain amount of capital and equipment and the towns were unable to supply this. Prospecting was deemed the most practicable means of employment under the No.5 relief scheme. Blackball and similar towns had an added advantage in that large number of the unemployed had mining experience.

A further reason for including prospecting as a part of the No.5 scheme, was purely economic. The price of gold more than doubled during the depression years, thus making gold New Zealand's only primary product with an enhanced value. Any improvement in gold production was seen as being beneficial to both the men involved and the economy as a whole.

Almost without exception, the work done by prospectors and miners on the scheme was in proven alluvial fields such as Addisons Flat in Buller and Red Jacks and Nelson Creek in the Grey area. Some work, however, was carried out in prospecting for undiscovered reefs. A number of mines were re-opened and reworked, but it was generally proved that earlier miners had done their work thoroughly.

NOTE 5: Ibid
Many mines on the West Coast had, however, been closed not because their ore had been depleted but because they had become uneconomic to mine. The famous Zala mine in Westland was an example of this. This mine was re-opened during the depression by subsidised miners in the hope that the enhanced value of gold and technological improvements would once again make this mine economic.

Unfortunately, work on the prospecting scheme, like the majority of other relief schemes, was almost solely limited to manpower. The Unemployment Board was most unwilling to spend its funds on the type of heavy equipment necessary for modern prospecting. As the wheelbarrow replaced the bulldozer on roading schemes, so the pick and shovel replaced expensive mining machinery.

One area where the special prospecting scheme differed from other relief measures under the No. 5 scheme was in the employment of youths. Relief was generally reserved for men over the age of twenty. As early as August 1933 the Westland Mining Executive reported that 'in necessitous cases, youths of 18 or 19 might be granted assistance to the extent of 7s.6d. per week for gold prospecting, each grant to be subject to the approval of the Board.'\textsuperscript{7} Two months later S.W.S. Strong, the Grey Mining Engineer, was granted temporary subsidies for seven youths. All applicants, he said, had been prospecting as a means of 'supplementing the scanty relief pay of their fathers.'\textsuperscript{8} Employment of youths on the scheme reflected the difficulties of finding relief work on the West Coast.

\textsuperscript{7} NOTE 7: UB 11/5/2, Minutes of WME, 19 Aug 1933.
\textsuperscript{8} NOTE 8: UB 11/5/-, Strong to GME, 13 Oct 1933.
Youths in other areas were normally offered employment on farming or cadet schemes, but this was impossible on the 'Coast.'

Many West Coast youths turned to prospecting as the only means of employment available. In many cases where situations were not considered to warrant a subsidy, youths went prospecting without aid from the government.

In an attempt to cope with the special problems on the West Coast, the minimum age for prospecting was lowered on 1 April 1935, to 16 in cases of extreme hardship. The Unemployment Board hoped that a proportion of these youths would find their future vocations as goldminers. If not, they are at least tiding themselves over a difficult period and retaining their physical fitness and the will to work. 9

By March, 1936, there were 125 youths prospecting on the West Coast.

Like the youths, many men on the Coast took advantage of the auriferous nature of the region to supplement their relief wages. Under the No.5 scheme (other than prospecting) work was rationed, and men were forced to accept long stand-down periods. On these days many men prospected for gold, hoping to augment their meagre income. 10

The gold prospecting scheme was in part, an adaptation of the No.5 scheme to meet local needs on the West Coast and in other goldfields. On the 'Coast', the extreme hardship

NOTE 10: Conveyed to author by R. Wells, Woodstock, 14 Nov 1978. Mr Wells worked a three-day week on road-works under the No.5 scheme and prospected on his days off. He suggested that nearly all the men in his position in the Woodstock/Kaniere district prospected in their spare time.
and the difficulty of placing youths in other forms of relief work caused another adaptation in general relief policy. That is, the employment of youths on the No. 5 scheme.

Not content with merely placing men on claims and allowing them to work towards self-sufficiency, the prospecting scheme also endeavoured to encourage the development of this mining industry as a whole. This development work, was organised largely under the auspices of the No. 5 scheme. Wages for this were paid from the Unemployment Fund by the local unemployment committees which were directly responsible to the Board. Men on development work were paid a higher rate than ordinary prospectors and were allowed to keep any gold they found. Like schemes 8A and 8B, development work was primarily a means of aiding the gold industry by using cheap labour. Unemployed men were set to work developing mining areas by building tracks and water races or in proving the goldbearing content in a given area. Because they did not necessarily have the opportunity to augment their incomes by prospecting, these men were paid between 5 shillings and 7s. 6d. a week over and above the standard prospecting rate. The men worked a forty-hour week and were free to prospect only in their spare time.

Development work was not started until March 1933 when it was realised that something more than general prospecting was needed to prove the extent of New Zealand's gold industry.

NOTE 11: UB 11/5/2 Commissioner of Unemployment to County Clerk, Westland, 30 Mar 1933.
It was not until the scheme [No. 5] had been in force for some considerable time that the developing or proving of any areas was undertaken with a view to placing men on claims and making their efforts self-supporting. 12

This kind of work was split into two categories; construction of tracks and water races and prospecting to prove an area. This latter category was divided into four kinds of prospecting. In reef areas, men could either prospect virgin ground by trenching or tunnelling quartz reefs, or by re-opening abandoned claims. In alluvial areas the alternatives were similar. In the Grey County all of these techniques were used.

In the nineteenth and early twentieth centuries prospectors had covered a wide area in their search for gold-bearing reefs, but many people, Strong in particular, believed that this work had been done hurriedly and inefficiently. It was felt that these prospectors may have either missed many goldbearing reefs or that they lacked the expertise necessary to evaluate the full worth of those they did uncover. For these reasons, a lot of reef prospecting was made in virgin ground in the Blackball area. This resulted in the very successful find of the Fiddes and Meikle party, in the upper reaches of Moonlight Creek. 13 Apart from this one major find, however, little real benefit came from this prospecting technique.

Re-opening and reconditioning of existing mines was attempted at Garden Gully and Ten Mile Creek in the Moonlight-Blackball area. In January 1936, there were three tunnels in this area employing approximately ten men. A more major

NOTE 13: See Page 105.
attempt to rework an existing mine was at Ross in Westland, where the famous Zala battery, established in 1896, was re-opened and worked albeit unprofitably, for a short time.

Attempts to find and prove new alluvial areas proved to be no more successful than reefing. The two main regions for this in the Grey County were Red Jacks, a tributary of the Grey which had been the site of early experiments in ground sluicing, and Mosquito Creek, a subsidiary of the New River. Work on Mosquito Creek started in March 1934 with the object of locating, prospecting and developing the supposed westward continuation of the Liverpool lead which had been part of the Arnold goldfield worked in the 1860s. Between 1934 and March 1937 £7500 was spent sinking three shafts in this region but although some gold was found, it proved to be uneconomic. 14

By May 1936, work began on a shaft that had been profitably mined thirty years earlier on the New River terraces. Again, little profitable gold was found, further proof that the prospectors of the previous generation had been more thorough than was originally assumed. 15 This was the general conclusion reached by almost all development prospecting on the West Coast. Although not financially successful, this form of relief work was, however, useful in assessing the future limitations of goldmining in the areas worked.

Another important aspect of the gold relief scheme was embodied in the building of tracks. Work of this kind was started in all four West Coast Counties. In Buller, the main tracks were the Taipo and Mokinui, the latter being the

NOTE 15: Thid
more important. It gave access to the Mokinui Creek district which was proved to contain workable quantities of alluvial gold. In Westland, the main track was that of Mount Greenland near Ross. This gave access to both Dennelly Creek and the Mikonui River. There were two main tracks constructed in the Grey County during this period. Both were in the Blackball-Moonlight area. The Croesus track, started in March 1934 gave access to the upper reaches of Blackball Creek and employed twelve men. The earlier Moonlight track, employing four men, ran up the western side of Moonlight Creek. Both tracks allowed men into the virgin ground lying in the catchment areas of the respective creeks. These types of development were, however, miniscule compared to the grandiose scheme planned by the Unemployment Board for the reopening of the Humphreys Gully water race. It was without doubt the largest single development project on the West Coast. The race had been originally built by two companies at a cost of £87,000 in the 1880s. A large dam had been constructed and a race carried the valuable water nearly twelve miles from the Arahura River to Humphreys Gully. Both companies had failed in their attempts to make the race pay.\textsuperscript{16} The Board with the help of the Public Works and the Mines Departments, intended to re-open the race with the eventual aim of mining a field which they hoped would employ up to 150 men for ten years. By September, 1935, 200 men were employed to test the area and open the channel.\textsuperscript{17} About 100 shafts were sunk, 200 cuts made into the alluvial gravel

\textbf{NOTE 16:} Salmon, P 173.
\textbf{NOTE 17:} NZPD Vol 242, P 266, 11 Sep 1935.
and 50 yards of gravel washed, to prove the area before reconstruction of the race was recommended. By the end of 1936, the scheme was nearing completion, but there were doubts about the validity of earlier tests. The Mines Department insisted on the retesting of the Tucker Flat area.

Early results had seemed good but the later testing indicated a poor prospect and there were suspicions of samples being salted... The project, for which high hopes had been held, was closed down. Hundreds of thousands of pounds had been spent without recovering one ounce of gold to show for it. 18

Development work was an integral part of the subsidised prospecting scheme. By opening up back areas and introducing water to known auriferous regions, such work proved the future capabilities of the goldmining industry in New Zealand. Because the standard prospecting scheme was primarily a form of relief it could not do this to the same degree. The men concerned could not afford to prospect in the true sense of the word. The subsidy was too meagre and beneficiaries had to rely on a small but regular income from gold sales. Although companies were willing to prospect, and complete some development work, they were in general, not in a position to risk the capital outlay necessary for opening prospecting tracks or to approach such huge schemes as the Humphreys Gully without government assistance.

Development was left to the Unemployment Board.

By far the largest proportion of men on the No. 5 Prospecting Scheme, was involved in general prospecting rather than development work. The scheme as a whole proved to be readily acceptable to the unemployed on the West Coast. By the mid 1933, a few months after its inception, there were

NOTE 18: J. Bishop and M. Walker Westland County, Pegasus
nearly 900 subsidised prospectors on the Coast; 93 in Westland, 86 of whom were general prospectors,\textsuperscript{19} 489 in Buller\textsuperscript{20} and the rest in Grey and Inangahua. This rapid influx of men into the scheme was not just a West Coast phenomenon. Throughout the country men chose to prospect for gold rather than join standard relief schemes. By the end of September 1933, there were 3,900 subsidised miners in New Zealand's seven mining districts. Almost a quarter were on the West Coast.

\textbf{TABLE I}

\begin{center}
\begin{tabular}{|l|c|}
\hline
North Island (Thames, Coromandel) & 480 \\
Marlborough & 160 \\
Nelson Province & 770 \\
West Coast (including Buller County) & 960 \\
Central Otago & 1,350 \\
Rest of Otago & 140 \\
Southland & 40 \\
\hline
\textbf{Total} & \textbf{3,900} \\
\hline
\end{tabular}
\end{center}

Source: \textit{AJHR 1933, H 35, P 9}

A month later, the schemes had peaked at 4,013 miners, 3,233 of whom were on the No.5 scheme. The two major West Coast Counties reached their peaks later. It was not until December 1934 that the Buller County reached a maximum of 630 prospectors.\textsuperscript{21} Greymouth figures rose in September 1939 to 420 men and allowing for seasonal variations remained in that vicinity until August 1935 when it peaked with 435 miners.(See Table II).

This table shows a definite discrepancy between registered unemployment and the prospecting scheme on the

\textbf{NOTE 19: UB 11/5/2 WME Rept, 30 June 1933.}
\textbf{NOTE 21: UB 11/5/6 Report of BME, 8 Jan 1935.}
on the West Coast. Accepting that the Grey figures reflected West Coast trends the prospecting scheme was seemingly unrelated to unemployment figures until at least 1935 when both began to decline.

**NOTE 22:** National Unemployment figures from *AJHR* 1936 H 35, P 7. Grey figures from Strong's reports to GME and the Unemployment Board - UB 11/5/8.  
**NB:** Grey figures are not complete and are represented by dots on the graph.
There could be many reasons for this. Firstly, unemployment on the Coast may not correspond to the national figures. Unemployment may have continued to rise on the West Coast until 1935, long after national figures had begun to fall. Unfortunately the limited nature of depression statistics makes this hypothesis difficult to verify. A second possible reason for this discrepancy may be embodied in bureaucratic delay. A drop in unemployment could not be expected to cause an immediate and corresponding decrease in numbers of subsidised prospectors on the West Coast. Figures for the No. 5 scheme as a whole, however, do not show any indication of such a delay.

The table may also show a possible recognition of the importance of the prospecting scheme. While other schemes were reduced to meet diminishing demand the prospecting scheme was increased. As a means of aiding unemployment the scheme did not become significant on the West Coast until mid 1933. As a result, the scheme was just beginning to prove itself as the effects of the depression diminished.

Another possible reason for the continued rise in the number of prospectors on the West Coast in 1934 and 1935 was the nature of the scheme itself. The name 'prospecting scheme' implies a search, and this was to a large degree what happened. A large number of men were placed on unproven ground and were required, therefore, to put in a considerable amount of exploratory work before gold was found. Later success proved to be an enticement for other men.

The 960 men involved in prospecting and development work on the West Coast in September 1933 had risen to 1364.
by mid 1935. Within a year this total had fallen to approximately 700. The three years from June 1933 to June 1936, were then, the most important numerically, for the prospecting scheme on the West Coast. From that date the numbers dropped steadily. In June 1936 there were 356 prospectors in the Buller area but by the end of the year this number had decreased by more than 100 men; six months later the number of miners had dropped another 100 and stood at 133. The figures for the Grey district are similar. In September 1936 there were 258 men involved there; six months later there were only 150 subsidised prospectors in the County.

By July 1940, after the scheme had been taken over by the Mines Department, there were only 175 subsidised miners in the whole country, 100 on the West Coast, 75 in Otago and 25 in the North Island.

NOTE 23:
- Westland: UB 11/5/2, WME to UB, 5 Jul 1935, 152 men.

WEST COAST REGION
APPROXIMATE POSITIONS OF
SUBSIDISED PROSPECTORS
AND/OR PARTIES OF MINERS,
JUNE 1935.
Far less important numerically than prospecting under the No.5 scheme, schemes 8A and 8B were significant in that they represented a structured attempt to encourage the goldmining industry through the use of unemployed labour. In October 1933 when the total of all three prospecting schemes had risen to 4,013 men, a mere 800 were on these two schemes, 688 on No.8A and 112 on 8B. By the beginning of 1935 numbers employed in the No.5 prospecting scheme had risen from 3,233 to 3,373, while 8A had decreased dramatically to 244 men and 8B to a mere 44. The dominance of scheme No.5 over numbers 8A and 8B is illustrative of two problems the Unemployment Board encountered. Firstly, the difficulty in organising these schemes, and secondly, the priority of employment relief over the development of the gold industry. The No.5 scheme was much easier to manage and supervise than these schemes and was therefore able to employ more easily a larger number of men.

Scheme 8A, a prospecting scheme in the true sense of the word, was organised and administered in a similar manner to the development section of the No.5 scheme. Responsibility for the scheme as with the No.5 scheme, lay with the local mining executives. Payment and endorsements on Mining Rights were the same. It was the emphasis of the scheme that was somewhat different. Whereas the No.5 scheme aimed at a miner's self-sufficiency, No. 8A was concerned with the development of goldmining in New Zealand, and the proving of

NOTE 31: Thin
the country's resources. Those working under No. 5 should most properly be called goldminers and those under 8A prospectors. They worked in isolated areas where supervision was not possible, rather than in the known auriferous regions that predominated in the No. 5 scheme. Under No. 8A, self-contained parties of prospectors were sent out under the leadership of experienced but unemployed prospectors to approved areas where no direct supervision could be maintained. Because this scheme was so closely tied to the development of the industry itself, there was a close relationship with the Department of Mines. All applications for assistance under the scheme were sent by the Mining Executives to the Department for acceptance, rather than to the Unemployment Board.33 The Department also tended to advise the Board on locations and requirements for prospecting.

Parties under this scheme tended to be larger than those under No. 5, which normally consisted of two or three miners, and seldom rose above five or six. This was because the parties were further from civilization and were generally forced to include at least one packer to maintain food and equipment supplies.

This form of prospecting was never really popular, particularly with married men, as it enforced prolonged absences from home. The wages were lower than those of the Camp schemes, while the disadvantages in living so far from possible employment opportunities were similar in both. There remained, however, the chance of the elusive 'big find', and it was this that encouraged a few dedicated prospectors to remain on the scheme.

NOTE 33: UB 11/5/6: Commissioner of Unemployment to Chief Postmaster, Westport, 1 Feb 1933.
Even fewer men were involved on the other prospecting scheme, No. 8B. This scheme gave financial aid to goldmining companies and syndicates along similar lines to that offered to the farming and building industries. The objective of this subsidy was 'the development of the mining industry for the purpose of absorbing unemployed workers.'\(^{34}\) It allowed companies and syndicates the chance to prove the value of their claims without greatly taxing capital. In principle, it was hoped that this would increase the number of economically viable mining companies and thus increase gold production and employment. Establishing the feasibility of claims had always been a burden to small companies and the subsidy was an attempt to relieve this pressure.

The Unemployment Board started the scheme in early 1933, offering a subsidy of 20 shillings and 5 shillings per week on the wages of married and single men respectively.\(^ {35}\) This amount was relatively flexible and could be increased to as much as 30 and 15 shillings a week for more difficult development work. As with No. 8A, the Board was 'entirely guided by the recommendations of the Mines Department' in granting applications for this subsidy.\(^ {36}\)

If a claim proved profitable, the company or syndicate was obliged to repay the full amount of the subsidy before any profits could be distributed. If the company was not a success and was forced to wind up, the subsidy was to be repaid before the assets were distributed. There were also strict regulations regarding employment. All miners were to

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**NOTE 34:** UB 11/1/3, Sect UB to Sect Treasury, 24 Apr 1936.

**NOTE 35:** UB 11/1/2, Commissioner Unemployment to ChCh. Labour Dept, 11 Jul 1933.

**NOTE 36:** UB 11/5/4, Commissioner Unemployment to Ross Unemployment Committee, 11 Jul 1933.
work a full eight hour day and must be registered unemployed. The company was to accept claims under the Worker's Compensation Act. The company or syndicate was also required to send a monthly report on work completed and gold recovered to the Inspector of Mines. He had the right to inspect the workings at any time.  

Between the beginning of 1933 when the scheme was established and March 1939, twenty-five companies were subsidised under this scheme at a total cost of £29,500. It did not or could not employ men on the same scale as scheme No.8A because it relied upon the initiative of the goldmining industry as a whole. Companies were willing to take advantage of the cheap labour offered by the Board, but were hesitant to finance the amounts of capital necessary for prospecting in those times.

The three gold prospecting schemes were all different and separate. They did, however, share the dual objectives of aiding the goldmining industry and relieving unemployment. No.5 worked towards the self-sufficiency of the subsidised miners, No.8A towards developing and proving of new goldfields and No.8B towards assisting private companies to expand their gold production.

It is doubtful that any of these aims were fully accomplished. Large numbers of men left the prospecting schemes and did not become miners on their own claims. They took up other work as more satisfactory forms of employment became available. On the West Coast, extensive Public Works

NOTE 37: EP 201, Coy Application Form under the Employment Promotion Act 1936.
schemes and a re-established coalmining industry in the latter half of the 1930s tended to remove men from the gold subsidy. As for scheme No.8A, no new goldfields of importance were discovered either on the Coast or in New Zealand as a whole. Although gold production did increase during this period, it is more probable that this was due to the increase in the price of gold rather than the result of any of the gold prospecting schemes. The 1930s saw the first major rise in the price of gold in almost a century and it was this that stimulated increased interest in gold production. In 1934 some 3,000 subsidised prospectors had produced 8,400 ounces of gold, a mere 5 percent of the total New Zealand production. It was the large companies, not the small prospectors reaping the benefits of increased gold production.

NOTE 40: NZPD Vol 242, P 266, 1 Sep 1935.
CHAPTER FOUR

ADMINISTRATION

One of the most important factors in the success of the gold prospecting scheme was the efficient structure of its administration. By proving to be less popular, other relief projects administered under the No. 5 scheme tended to become a seed-bed of discontent. This was not so with the prospecting scheme, partially because it was organised on a community level. There were only four Mining Executives, (the chief level of administration), on the West Coast, the majority of the organisation and supervision being done at a grass roots level by experienced supervisors. Wherever possible supervisors were employed in their own areas and were given considerable autonomy in the handling of the men under them.

The Mining Executives had been formed in all four West Coast Counties in early 1933, as a response to complaints about the unwieldy administration of the scheme. The gold scheme on the 'Coast' had formerly been organised through the office of the Greymouth Inspector of Factories; but this proved to be administratively cumbersome. Applications for subsidies, or extensions of subsidies for the entire district had to pass through this office. This was a time consuming task. The Inspector of Factories could not be expected to understand fully the specific problems involved in prospecting or unemployment that would be apparent, for example, to Westport residents.

In this northern centre the scheme was supervised by J. McPadden, the Director of the Westport School of Mines.¹

In conjunction with the Westport Unemployment Committee, he complained to the Unemployment Board, that this 'centralisation' of the prospecting scheme was 'at best difficult', and proposed instead a locally organised administration.²

The establishment of the Mining Executives in 1933 consolidated the administration of the gold prospecting scheme on the West Coast. The executives were responsible to the Unemployment Board and co-operated with the local unemployment committees who were regarded as the employing authorities. Generally Executives consisted of members of the County Council, local mining authorities (such as mining and prospecting associations) and a representative of the Labour Department. As the link between the Board and the local bodies, they were responsible for the organisation and supervision of the prospecting scheme. Their responsibility was to the Board and they were financed by funds distributed by the local Unemployment Committees. They were also responsible to the employing authority and the local certifying officers for the efficient running of the scheme.³

The Buller Mining Executive, the first established on the West Coast, proved to be almost as cumbersome as the previous form of administration. Formed on 27 February 1933, it consisted of the entire Buller County Council, J. McPadden and W.P. Smith, the Chief Postmaster.⁴ This body was regarded by the Unemployment Board as too unwieldy, and the Commissioner, G.C. Godfrey, suggested instead that

NOTE 2: UB 11/5/6, Sect. Westport Unemployment Committee to Commissioner of Unemployment, 15 Feb 1932.
NOTE 3: UB 11/5/6 Westport Times, 16 Mar 1933.
the number be decreased to include the County Chairman, two councillors, McPadden as chairman, the certifying officer and a secretary. This format was accepted.\textsuperscript{5}

This Executive was quickly followed by similar committees in the Inangahua, Grey and Westland Counties. Their first duty was to appoint a Mining Engineer, where necessary, and capable supervisors to oversee the daily running of the scheme.

In June 1933, the Unemployment Board issued a circular to all Mining Executives, Certifying officers and local employing authorities in an effort to co-ordinate the workings of the new Executives. The circular laid out the duties and responsibilities of the Executives. They had complete control of the scheme in their respective districts within the bounds of the Unemployment Board and the local bodies policy. They were to administer it in such a way that 'the greatest possible use is made of the funds expended by the Board for the relief of unemployed men.'\textsuperscript{6}

The functions of the Executives were five-fold: firstly, they were to select suitable areas for prospecting; secondly, this land was to be protected solely for their use under the provisions in the Finance Act; thirdly, the Executives were to assure access to these areas by incorporating track and development work in the scheme; fourthly, suitable supervisors were to be chosen - these had to be experienced miners who were preferably unemployed and married; fifthly, the Executives were to supply mining and personal equipment out of Unemployment Funds to necessitous cases.\textsuperscript{7}

\textbf{NOTE 5:} UB 11/5/6, Westport Times, 16 Mar 1933.
\textbf{NOTE 6:} UB 11/1/2, Circ. 245, Commissioner Unemployment to Mining Executives and Certifying Officers, 1 Jun 1933.
\textbf{NOTE 7:} Ibid
The Mining Executives reserved mining rights in chosen areas by controlling Mining privileges. This meant that they could close off an area to the public and reserve all prospecting rights for subsidised miners, thus allowing the men a greater degree of protection from claim jumping, while giving them the freedom to prospect large areas of crown lands.8

The Executives met regularly and were required to send their minutes and reports on administration and mining statistics to the Board.9 This enabled some central supervision to be maintained. Nevertheless they were perhaps more independent than any other agency of the Unemployment programme. It was their job, as men experienced in mining and local conditions, to run, what was perhaps one of the most technically difficult relief schemes.

The administration of the prospecting scheme, through the Executives and the Board, was not universally welcomed. Local prospecting associations, particularly those in Ross and Westport, criticised the scheme from the outset. They claimed that prospecting would be better left to the Mines Department. Moreover, in September 1934, three Parliamentarians from goldfield constituencies, J. O'Brien (Westland), P.C. Webb (Buller), and K.J. Holyoake (Motueka), challenged the Board's ability to adequately administer the prospecting scheme. O'Brien claimed that it was unsatisfactory to have the money spent by the Unemployment Board in conjunction with the Mines Department... All expenditure on prospecting should be controlled by the Minister of Mines.

Webb, himself an ex-coalminer, suggested that through inexperience the Board was wasting a great deal of money and that there was 'no necessity for the Unemployment Board to

NOTE 8: NZPD Vol 235, p. 1118, 7 Mar 1933.
NOTE 9: UB 11/1/2. Circ. 246. 1 Jun 1933.
be mixed up in the matter at all.' Holyoake similarly suggested that there be a 'greater co-operation between the Unemployment Board and the Mines Department.'

It was perhaps to combat such criticism that the Board granted the Executives the power to employ experienced Mining Engineers to superintend the day-to-day administration of the scheme. On the West Coast, only the Grey Mining Executive took this course of action by appointing S.W.S. Strong, as the Grey County Mining Engineer.

The position of Mining Engineer was the link between the Executive, the Board and the Mines Department. With the status of temporary public servant, the Engineer was paid not from Unemployment funds, but rather by the Labour Department. They were to administer the daily running of the scheme, as laid down in general terms by the local Executive. In the Grey County Strong was actually appointed to the Executive. This meant that the technical difficulties involved in such a scheme could be dealt with rapidly and efficiently without the complications of committee ratification.

Strong was appointed to the position of Grey County Mining Engineer in May 1933, at the age of 32. Born and educated in Dunedin he graduated from the Otago School of Mines in 1924 with a Diploma of Land and Mine Surveying. An Associate of the School, Strong had first worked as a geologist for the Taranaki Oil Fields Company. In 1931, he accepted a geological surveying position with the Grey Harbour Board. It was from here that he applied for the

NOTE 11: GRA, 25 May 1933.
position of Mining Engineer. Strong was later promoted to Engineer-in-Charge of the subsidised prospecting scheme for the whole of the West Coast region. In late 1936 he was appointed Engineer-in-Charge for the entire country. Unfortunately his untimely death in February 1937, prevented him from taking up this post.\footnote{12}

As an experienced geologist and mining surveyor with a working knowledge of the Greymouth district, Strong was in an ideal situation to serve the Grey Mining Executive in a professional and advisory manner. A somewhat unorthodox geologist for his time, he theorised that the source of a great deal of the West Coast's alluvial gold, was a large mountain range to the West that had long since vanished beneath the surface of the Tasman Sea. Goldbearing rivers flowed from this range towards the east, accounting for the deep alluvial deposits at Ross, Kumara and Marsden, which otherwise appear to have no parent lode.\footnote{13} Strong's geological knowledge of the Grey area tended to make him appear dogmatic on mining matters to those whose knowledge was more practical. He was not always right, but his knowledge was a critical factor in making the Grey district perhaps the most successful subsidised gold prospecting scheme in New Zealand.

On taking up his appointment, Strong made his policy clear. He would concentrate on the proven alluvial areas, in an attempt to discover the precious quartz lodes that fed them. His first attempt at this was in the Moonlight Creek

\footnote{12: Strong's obituary The \textit{Press} Christchurch, 27 Feb 1937.}
\footnote{13: GRA, 25 May 1933.}
area near Blackball. Strong maintained that the coarse gold found there, including the 87 ounce Victory Nugget found in 1917, originated from a substantial quartz reef in the vicinity. The search for this reef became his initial goal. A track was started and attempts were made to prospect the upper regions of Moonlight Creek. A quartz lode was found in the area in December 1934, by the Fiddes and Meikle party, and although rich, it proved not to be the substantial lode Strong was looking for. He also saw similar possibilities at Bell Hill, the Catchment area for the rich Nelson Creek. This district lay in the quartz belt, which ran southward from Reefton and included the famous mine at Waiuta.14 Again men in this area were encouraged to prospect for further goldbearing reefs; none, however, were found. This attitude epitomised the geologist that Strong was. Not prepared to allow the subsidised men to merely fossick for alluvial gold, he saw the depression as an ideal opportunity for rejuvenation of the gold industry. The increase in the price of gold and the subsidy was a stimulus which the industry might never get again.

An example of his concern for the development of the industry was his criticism of the Labour Department's policy of limiting employment to registered unemployed. He regarded this as a 'retrograde step' in an attempt to develop any industry.15 Strong thought that suitable engineers and supervisors could not be obtained from the ranks of the unemployed and that some provision should be made to employ

capable men.

This is not to say that he cared nothing for the difficulties of the men he supervised. Strong's first impression of the scheme was that it needed to be 'put on a systematic basis, thus enabling the men directly concerned to benefit thereby.' On several occasions he spoke out for the youths in the Grey County. It was at his insistence that youths were granted subsidies in 1933. In his annual report to the Board for 1935, he suggested that their pay be increased from the paltry 7s.6d. that they received each week. Later, in 1936, he proposed that a special prospecting camp be set up for youths so that they could be suitably educated and supervised in the methods of practical mining. Although this later scheme was disregarded by the Department of Labour, Strong was instrumental in both employing youths on the scheme and ensuring their just wages.

He was also concerned with the conditions of the men, criticising the 'scanty relief pay' of the prospectors. This, he thought, was especially true for those engaged in preliminary work, much of which was accomplished under unsatisfactory working conditions which I endeavoured by all means and at all times to have amended.

NOTE 16: GRA, 25 May 1933.
NOTE 17: See P 55.
NOTE 20: UB 11/5/- Strong to J.W. Hannan, Chairman of GME, 13 Oct 1933.
Strong also criticised the method of payment. The subsidised miners were paid by money-orders, the inflexibility of which caused concern. Many prospectors were forced to walk great distances to the closest Post Office to get these vouchers cashed. Strong suggested instead that the men be paid in cash, thus lessening the distances travelled to get money and supplies.\(^{22}\)

Despite this concern, Strong was not well liked. As one public servant said of Strong, he 'is undoubtedly enthusiastic, but his enthusiasm at times seems to cloud his judgment.'\(^{23}\) Strong almost swamped his prospectors with circulars outlining what they may or may not do, and constantly chastised those he regarded as 'shirkers'. He was twice rebuked by the Board for releasing formation to the public which they either did not want circulated, or in their view was misleading.\(^{24}\)

An incident which should have endeared Strong to the Board was the publication of an article criticising him in the *Workers Weekly*. Miners working on a shaft at Gows Creek, a tributary of Nelson Creek, accused him of misleading them in an attempt to aid, at their expense, the Golden Valley Sluicing Company. The men had worked on a shaft for some fifteen months when it was abandoned. They suggested to Strong that the shaft should be 'pegged out' to prevent the Company claiming it and using it as a water race.

\(^{22}\) NOTE: UB 11/5/1, Strong to Commissioner Unemployment 31 Jan 1934.
\(^{23}\) NOTE: UB 11/5/-'Notes to Jessep on the administration of the Gold Prospecting Scheme in the Grey County.' 28 Feb 1934.
\(^{24}\) NOTE: Ibid
Strong, according to the leading hand, a 'class-conscious comrade' merely laughed the matter off, stating categorically that this was impossible as the area was reserved for Unemployment Board use. This turned out to be false and the men pegged out the area just three days before the company attempted to do the same thing.\(^{25}\) Strong was also accused by the paper of tampering with the men's pay. Apparently he had given the Nelson Creek Postmistress authority to sign for Gows Creek men's pay. On one occasion, after she had done this, he opened a miner's pay packet and paid off part of his debt at the local store. The matter was promptly put before a Greymouth lawyer who forced Strong to repay the 30 shillings concerned and to apologise.\(^{26}\) Both these incidents were investigated by the Unemployment Board, but no further action was taken.

Despite these criticisms and a certain impetuosity, in the four years that he worked on the scheme, Strong tried harder than anyone else to ensure the scheme's success. Although unbending in his attitude to hard work and honesty, he was nevertheless very fair. R.(Rab) Clark, the supervisor for the Blackball district had numerous conflicts with Strong. As secretary of the Blackball miners' union and an ardent Labour Party supporter, Clark's attempts to improve the conditions of the men under him were not always approved of by either Strong or the Unemployment Board. The former, although finding Clark personally irksome, recognised the ex-coalminer's genuine concern for the prospectors and defended him against criticism from the Board, describing him as a 'first-class man'.\(^{27}\)

\(^{25}\) NOTE: UB 11/5/- 'Cutting from Workers Weekly, 10 Aug 1935.

\(^{26}\) NOTE: Ibid

\(^{27}\) NOTE: UB 11/5/- 'Notes to Jessep on the Administration of the Gold Prospecting Scheme in the Grey County.
However much Strong was disliked at a personal level, he was considered by all to be a competent mining engineer. He endeavoured wherever possible to educate the inexperienced miners that he dealt with. He demonstrated the techniques personally, or supervised the men as they worked. He also sent out pamphlets and plans to aid them in the more technical aspects of mining.\textsuperscript{28} As a mineral geologist he cannot be blamed for his 'clouded judgment' while handling the unemployed men of the West Coast, most of whom did not share his enthusiasm for sinking shafts into solid quartz or damp gravels.

Responsible to Strong in the Grey County, and to their respective Executives in the other West Coast counties were the numerous supervisors who administered the scheme at a grass-roots level.

The primary role of the supervisor was more managerial than advisory. He had to oversee all technical operations and instruct the often ill-prepared prospectors on mining techniques. To do this Executives had to ensure that the supervisors were conversant with all types of mining construction, knew the provisions of the Mining Act and were capable of working with explosives.\textsuperscript{29}

The supervisors were hired by the Executives but were paid by the Mines Department, 'except where a supervisor might be a relief worker and his circumstances were such that he obtained some payment from the Unemployment Board, the balance being made up by the Mines Department.'\textsuperscript{30} As priority was given to registered unemployed this meant that

\textbf{NOTE 28:} See Ross Archives, D5 for examples of these.

the Board paid at least part of the wages of most supervisors. Priority of employment was also given to married men. Pay was at the rate of 30 shillings above the normal gold subsidy, to a maximum of £3 per week. This meant that the Board would pay the first 15 or 30 shillings for the single or married men, and the Mines Department would pay the remaining 30 shillings.

Supervisors reported weekly, monthly and half-yearly to the Mining Executives. It was their duty to contact every subsidised miner under them at least once every week and report on all work inspected, accidents, equipment used and gold produced.

The life of a supervisor was arduous and their hours long. Although the area of supervision was limited to a ten-mile radius, this did not necessarily take into consideration the ruggedness of many of the auriferous areas on the West Coast. In an attempt to reduce expenditure the Board encouraged supervisors to use 'hacks' or bicycles rather than more costly motorised transport. The supervisors travelled distances of up to thirty miles a day over rough tracks or through the bush in order to contact the mining parties. Both the area controlled and the number of miners managed varied from one supervisor to another.

The County of Grey employed seven supervisors in 1934 to manage their 353 subsidised miners.

NOTE 32: UB 11/1/2 Circ. 246, 1 Jun 1933.
NOTE 35: UB 11/5/6 BME to Commissioner Unemployment, 9 Apr 1933.
Supervisor W. Barber was in charge of 96 men in the Maori Gully and New River areas, where they were sluicing and tunnelling. S. Crase covered the area between Barrytown and Kumara which employed 47 men, again working solely in alluvial areas. In the Bell Hill, Nelson Creek and Blackwater Creek districts there were 32 men under the charge of F. Lewis, several of the prospectors being involved in a 580 foot tunnel at Gows Creek. Supervisor, R. O'Brien looked after 36 men in the Grey Valley between Ahaura and Kamaka, which included the busy area of Red Jacks where some five shafts were sunk to a maximum depth of 232 feet. J. Smeaton, National president of the United Mine Workers Union, and only recently appointed to the position, supervised a mere 28 men involved in reef prospecting and alluvial mining in the Moonlight district. Amongst these were the successful Fiddes and Meikle party.

B. Tindale was in charge of the Meehans Flat, Mosquito Creek area where 48 men were involved in alluvial mining.

By far the largest area, however, was covered by R. Clark at Blackball, who was responsible for supervising 116 men in the Blackball, Atarau, Roa and Mount Ryall areas. This district included reef prospecting in the Garden Gully and Ten Mile area, track work at Croesus and tunnelling operations on the terraces surrounding Blackball.\textsuperscript{37} To cover this number of men, Clark kept two horses and a bicycle on which he travelled around his district on poor tracks and frequent bad weather.\textsuperscript{38}

\textsuperscript{37} NOTE 37: UB 11/5/8, Strong to GME, 19 Feb 1935.
\textsuperscript{38} NOTE 38: Rab Clark Diaries.
It was Unemployment Board policy to keep transport costs to a minimum, preferring to employ more supervisors rather than pay for transport. When Strong took over the Grey district there had been three supervisors in the district for 180 men; by June another one was employed, and by the end of 1934 there were seven. This was a far better average than Inangahua which had only two supervisors to look after the 113 men in the entire County.

The supervisors were responsible for both the well-being and the work done by the men in their charge. Strangely, then there were few complaints from the men concerning the quality of supervision. This was perhaps due to the parochial nature of the scheme's administration mentioned earlier. They were local men and frequently local identities, chosen because of their knowledge of mining. A clear example of this is the employment of R. Clark and J. Smeaton in the Blackball area. Both were well established in the unionist movement and therefore earned the respect of the men below them, the majority of whom were unemployed coalminers.

One aspect of the gold prospecting scheme that did however cause complaints from almost all, was the matter of payment. One aspect of this was the debate over the classification of payment of subsidised prospectors. Some interpreted it as a continuation of the government relief policy of 'no pay without work', while others regarded it as a 'grub stake' as had been common practice in mining circles since the nineteenth century.

NOTE 39: UB 11/2/1 Cir 246, 1 Jun 1933.
NOTE 40: UB 11/5/8 Strong to GME, 9 Jun 1933.
NOTE 41: UB 11/5/13 IME to Commissioner of Unemployment, 31 Dec 1934.
The weekly payment of 15 shillings for single men and 30 shillings for married men was supposedly calculated on the principle that the payment was a 'grubstake' based on the current rates paid for part-time relief but on a somewhat more generous scale seeing that the men work five days per week and also that many are drafted to districts away from their houses. 42

In theory this appears plausible, but in reality it was not completely true. When K. Holyoake, the Member for Motueka, asked the Minister of Employment to raise the prospecting subsidy to retain parity with other forms of relief he received a very different answer. S.G. Smith replied that as gold prospectors were 'not relief workers in the ordinary sense', the subsidy would not be increased. 43

The daily rate for subsidised mining was below that for normal relief work under the No.5 scheme. There was no necessity to ration gold prospecting, the men on the subsidy worked a full forty-hour week. Moreover, the men could increase their earnings by selling their gold. For these reasons the daily rates were kept purposefully low.

It was not until June 1936 that the subsidy was increased. The weekly rates rose from 7s.6d. to 15 shillings for youths, to 20 shillings for single men and 40 shillings for married men. The rate for preparatory work was increased to 20, 30 and 50 shillings for youths, single and married men, respectively. Development rates were the same but were restricted to adults. Track work was likewise restricted to single men only. They were, however, paid an extra

two shillings a week. Supervisor's pay was increased from a maximum of £3 to £4.5s.0d. per week for both married and single men. Working foremen, who were in charge of development parties were paid wages slightly higher than the men under them. Contract rates for shafting and tunnelling were also increased to a basic rate of approximately 16 shillings a day.44 These rates of pay remained relatively unchanged until the end of 1939.

The question of a stand-down period for self-sufficient prospectors was another cause of conflict. The figure of £2 a week for single men and £3 for married men was taken to be the level of self-sufficiency. In early 1936, Strong wrote to the Board requesting advice on this problem. He cited the cases of five single men who had made a profit far in excess of this level. Two of them, H. Jones and G. Bowens had been on the subsidy for forty weeks. In that period they had sold 23 ounces and 6 pennyweight of gold each, with a value of £163. Their self-sufficiency level was £2 a week, and therefore, they had earned a surplus of £82 and should be required to stand down for forty-one weeks.45 J.S. Hunter, the Secretary of Labour replied

\[NOTE 44:\text{EP 11/1/- Circ. EP 0/0/12, Sect. Employment Division to Certify. Officers and Mining Executives, 11 Jun 1936.}\\NOTE 45:\text{The others were:}\\\begin{array}{|l|c|c|c|c|}
\hline
\text{Period} & \text{Allowance at £2 a} & \text{Surplus} & \text{Stand-} \\
\text{on subsidy} & \text{week} & \text{week} & \text{down} \\
\hline
\text{A. Broadfoot} & 15oz 11dwt £108.17s. & 46wks & £92 & £16 8wks \\
\text{A. Flaherty} & 18oz 11dwt £129.7s. & 52wks & £104 & £26 13wks \\
\text{H. Taylor} & 10oz 10dwt £129.00s. & 26wks & £52 & £78 39wks \\
\hline
\end{array}\]

UB 11/5/30, Sect. Labour to Strong, 4 Apr 1936.
maintaining that a stand-down period would not be required solely because miner's earnings were in excess of the level of self-sufficiency. The local Engineer should use his own discretion. If the miners were using this income to develop their claims, then they should be retained on the subsidy.\textsuperscript{46} Subsequently, these miners remained on the subsidy.

The gold produced by the subsidised miners was not clear profit. There were several deductions from it. Firstly, there was a levy of 10 percent on all gold won. Introduced as part of Unemployment policy in early 1932,\textsuperscript{47} this levy lasted until mid-1934. The idea was that this money when collected and pooled, would create a fund which could be used to assist fellow prospectors by providing mining equipment.\textsuperscript{48} The money was collected by an endorsement on each subsidised miner's Right. This Right was the basis of all prospecting on Crown land, and, under the Mining Act, a necessary prerequisite to the sale of any alluvial or reef gold. It also allowed miners to sell natural gold to any of the country's seventy-seven licensed gold dealers, twenty-one of whom were on the West Coast.\textsuperscript{49}

\textbf{NOTE: 46:} UB 11/5/30 Sect Labour to Strong, 28 Apr 1936.
\textbf{NOTE 48:} UB 11/5/8 Cir. Strong to Subsidised Miners, May 1933.
\textbf{NOTE 49:} UB 11/1/2 Circ. UB 263, Commissioner Unemployment Executives and Certifying Officers, 1933.

West Coast Gold Dealers.
\textbf{Bank of NZ:} Greymouth, Hokitika, Kumara, Reefton, Ross, Westport.
\textbf{National Bank:} Greymouth, Hokitika, Reefton.
\textbf{Bank of N.S.W:} Greymouth, Hokitika, Westport.
\textbf{Commercial Bank of Australia:} Greymouth, Westport.
To Licensed Gold Dealers: Please deduct and pay to the Public Account 10% of the proceeds of any gold sold by holder of this Right.

No. 44908

[Signature]

13/9/33

UNDER THE MINING ACT 1926

MINER'S RIGHT, NEW ZEALAND.

NOT EXTENDING TO NATIVE CEDED LAND.

District: Christchurch

To whom issued: Rowland Hadlem

of 77 Bassett Rd Burnwood. Ch Ch

(Date of issue: 11th day of September 1933)

(Date of expiry: 11th day of September 1934)

Receipt of the fee of five shillings is hereby acknowledged.

Dated and issued at Christchurch, this 11th day of September 1933.

[Signature]

Warden (or other designation of officer).

(Receipts issued by Government Officers for the receipt of public moneys must be given on numbered official forms.)

Endorsed Miner's Right.

Note that this Right originated in Christchurch and was endorsed with a 10 per cent levy two days later in Ross.

(Ross Archives).
The local certifying officers endorsed the Miner's Rights and the gold dealers automatically deducted this 10 percent levy. By registering sales with the Certifying Officers and Mining Executives the gold dealers enabled a further check to be made on gold production.

When a prospector left the scheme this endorsement was removed. Prior to this the Certifying Officer had to ensure that the miner had sold all gold won while on the subsidy. Only then was the endorsement cancelled. This was subject to the rather vague clause, that if the claim proved 'unusually profitable' all the subsidy had to be repaid.50

Added to this was the further burden of a 12s.6d. per ounce gold duty, introduced under the 1933 Customs Amendment Act.51 This duty was not only a burden to the subsidised miners, but affected the gold industry as a whole. There was also a deduction for the repayment of supplies. When the Board advanced equipment to the miners, 50 percent of gold earnings were removed, again by endorsement. Gold sales were also subject to unemployment tax, which amounted to an approximate deduction of 5 percent.52 The effect of these deductions was damaging to the miners and tended to encourage dishonesty in the form of illegal sales. If, for example, a prospector received £5 per ounce for his gold, this was automatically reduced to £4.7s.6d. by gold duty and then to £3.18s.9d by the 10 percent levy, making a final sum of approximately £3.14s.4d. after Unemployment tax. This reduction of over 25 shillings per

NOTE 50: UB 11/5/2 Minutes of WME, 14 Nov 1933.
NOTE 51: NZPD Vol 235, P 764, 28 Feb 1933.
NOTE 52: GRA, 3 May 1934.
ounce was critical for the single prospector who earned a mere 15 shillings a week on the subsidy.

In September 1934, the 10 percent levy was removed in an attempt to lighten the financial burden on the miners. This reduction was the result of pressure from a number of sources. The Thames Miners and Prospectors Association and a resulting petition from S. Euston had complained in the previous year that the endorsement was unnecessarily harsh. The Members for Westland and Thames, J. O'Brien and A. Samuel also questioned the value of the deductions. While they were successful in getting the 10 percent levy dropped, the 50 percent levy for repayment of equipment was retained. The Board considered that removing this levy would be unfair to those who had chosen against using Board facilities.

The initial desire of the Unemployment Board was that all men going on the gold subsidy should be able to provide their own equipment. However, as the number of miners increased it became clear that some attempt had to be made by the Board to equip ill-prepared prospectors. Although miners could be expected to own such rudimentary tools as a pick, shovel and a panning dish, which were ample for alluvial fossicking, these proved inadequate for the sophisticated methods that the Board had anticipated. Equipment such as piping, pumps and explosives were necessary. Some, but not all of these were available on loan from the Mines Department. To cover the cost of expendable equipment, the Board made renewable grants available to each Mining Executive. On the advice of supervisors, the

the Executive purchased the necessary equipment for the prospectors, who repaid the cost of it by the 50 percent levy on gold sales. All equipment purchased by the Executives remained their property until completely repaid.56

The Board also issued infrequent vouchers for purchase of food and clothing (usually footwear), to miners in necessitous cases. For example, in the six months to August 1933, the Buller County Council spent £400 on gumboots for their subsidised miners. This type of grant was not repaid from deductions in gold sales, but rather from the men's wages at the rate of 2s.6d. a week.57

As part of Unemployment Board policy the subsidised miners were required to pay accident insurance. This was done to protect the local employing authorities, (County Councils), from liability under the Workers Compensation Act. The men paid a premium of 3d or 6d a week as a percentage of their wages, being either 15 or 30 shillings.58 Payment for those employed on preparatory and track work, or as supervisors was covered under the standard relief scheme.59

The gold prospecting scheme was thus administered thoroughly and competently on the West Coast. As Helen Breen points out, in connection with the Unemployment

NOTE 56: UB 11/1/2 Circ. 246, 1 Jun 1933.
NOTE 57: UB 11/5/6 Westport Chief Postmaster to Commissioner Unemployment, 26 Aug 1933.
NOTE 58: UB 11/5/3 Commissioner of Unemployment to Mining Executives, 6 Apr 1933.
NOTE 59: UB 11/1/2 Circ. 246, 1 Jun 1933.
Committees in Oamaru, the parochial nature of depression relief administration was vitally important. By handing authority back to small local committees or Executives, and more importantly supervisors, the Board ensured that local involvement and awareness became a permanent facet of relief policy.
CHAPTER FIVE

RESPONSES TO THE GOLD PROSPECTING SCHEME.

Although conditions on the Gold Prospecting scheme on the West Coast were frequently abysmal, men on the scheme appear, on hindsight, singularly well settled and complacent. They readily accepted the scheme as the means of temporary employment that it was. The Unemployment Board may have, at times, considered the scheme as being of permanent value to the mining industry, but the men did not. Their acceptance of the scheme’s drawbacks may in fact signify their willingness to stay on it only until times got better.

Conditions on the scheme in many areas were as bad as, or worse, than those on the infamous camp schemes. The pay was certainly no better. Yet for some reason criticism of the scheme appeared limited and temperate. Goldmining is renowned for being an arduous and backbreaking occupation, especially on the West Coast where adverse weather conditions inevitably make this work wet.

Conditions in the township of Blackball for example were no exception to this. Many subsidised miners opened small claims on the surrounding terraces. Sluicing claims were started and many tunnels were dug into the banks, and even under the town itself. Such crude tools as the miners already possessed were all that were employed. Picks, shovels and gold pans were the standard equipment, rails and trucks were used for tunnelling were all home-made. These tunnels were frequently dangerous and invariably wet. Washing-up was done with home-made sluices and seldom rewarded more than a pennyweight to the cubic yard.

NOTE 1: Conveyed to the author by Mr R. Glasson, Blackball, 15 Nov 1978. Mr Glasson was a subsidised prospector at Blackball during the depression; tunnelling in the surrounding terraces with his brother-in-law. At this time a pennyweight was worth approximately
The income from gold varied from area to area but was commonly inadequate. In a report to the Grey Mining Executive for the whole of 1935, Strong listed the average production in each of his seven areas. The average production varied from 5oz 3 dwt per man per year for the fifty men in the Red Jacks/Ahaura area to 1oz 3dwt for the sixty-nine men in the Blackball/Roa area. The whole Grey County produced 1,442 oz for the year. Strong estimated this to be worth approximately £7 per ounce to the prospector and therefore a total of £10,094 to the County. At this price an average miner would be earning a mere £7.18s.0d. a year from gold sales.

Although better paid, the way of life for a supervisor was scarcely easier than that of the prospector. One such supervisor, Rab Clark, whose area in Blackball was perhaps the largest on the Coast, had a particularly strenuous task. Because of the distances he was forced to travel Clark worked extremely long hours. Frequently leaving Blackball before sunrise he travelled all day on horseback, bicycle or on foot, in all sorts of weather, to visit one or two parties, not returning until well after dusk. To make this easier he set up a permanent camp at Garden Gully where he stayed at least once a fortnight to supervise the men in the area. Clark's diaries record his task without embellishment. An example of this is the week starting Monday 19 August 1935.

Monday: In Blackball, Clark saw the packers off to Ten Mile Creek. Then rode to Garden Gully in the snow to see the men, arriving back in Blackball after a round trip of some ten

NOTE 2: UB 11/5/8 Strong to GME, 6 Mar 1936. Note that figures are for men only – youths in the two areas averaged 20 oz 17dwt and 18 dwt respectively.
Rab (left) and Dick Clark in the Upper Moonlight area.

(Howitt Collection).

Garden Gully Huts, used as Clark's Headquarters. Note that Strong is with group at hut.

(Howitt Collection).
miles at nine o'clock.

Tuesday: He did the fortnightly reports for the Grey Mining Executive and visited all the claims on the lower end of the Blackball terraces.

Wednesday: More office work in the morning and then he got a lift to Brunner to arrange some receipts for the men; walked back along the Brunner Track, a total of over 15 miles.

Thursday: On returning home on Wednesday night, Clark noticed that his horse was temporarily lame. He therefore had to bicycle up to Roa in rain to visit more claims.

Friday: More office work in the morning and then into Greymouth to attend the Mining Executive Meeting and pick up the men's pay.

Saturday: Paid the men in the morning and then back to Greymouth by 10 am for more business.

Sunday: Was usually spent tending to the few cattle he raised on the couple of acres he kept as a sideline, and watching meetings in the United Mine Workers' Union Hall. So it continues; day after day travelling many miles over extremely difficult tracks through what must be one of the most rugged districts in the country. Transport was a problem for Clark. There were many areas where he could ride neither his horse nor his bicycle and as a result he was frequently forced to walk great distances. This was particularly true on some of the newly formed tracks such as the Croesus where mud and slips were a constant hindrance.

Considering these conditions it is unusual that there were no major criticisms of the prospecting scheme. There

were, however, several minor grievances against its administration. These grievances formed the basis of the various Unemployed Prospectors' Associations which grew up on the West Coast.

In the absence of one large unemployed prospectors' union, small localised associations were established on the 'Coast'. These associations were especially important in small townships such as Blackball, Denniston and Reefton. It is more than coincidence that these three townships were all coalmining communities which had in the past, and retained during the depression, strong Coal Miners' Unions. In Blackball particularly there was a very close relationship between this Miners' Union and the gold prospecting scheme. Rab Clark, while a supervisor on the scheme, retained his position as Secretary of the local Miners' Union. Another Blackball supervisor, J. Smeaton, was at this time national president for the United Mine Workers of New Zealand Union. Both these men were naturally very popular with the local subsidised miners, the majority of whom tended to be unemployed coalminers themselves. The restraint of the miners in response to their grievances becomes even more noteworthy when this link with a traditionally militant union is considered.

This bond with the Miners' Union was used at least once as a means of airing a grievance. The Denniston miners chose, in 1935, to approach the National Miners' Union rather than their local Unemployed Workers' Union on a matter which they felt deserved rectifying. They asked the Board, through this union to apply leniency towards the employment of youths.
They wanted an opportunity for the seven youths working in the Cedar Track area to work on the track itself, a job which had formerly been reserved for men. The request from the union bore no threat of industrial action, and when rejected the matter was dropped. 4

The closest that subsidised prospectors on the West Coast came to open confrontation with the Unemployment Board was in Millerton in June 1935. T. Grace, the Secretary of the Millerton Unemployed Workers' Union and H. Closs described by the Millerton Postmaster as a 'single man of poor character and militantly minded', 5 attempted to persuade the track workers in the Mokihinui area to strike over their working conditions. The attempt was unsuccessful. The men voted 22 to 3 against such action. For their part in this, however, Grace and Closs were taken before the Buller Mining Executive and removed from the subsidy. 6

The Reefton Unemployed Subsidised Prospectors' Association questioned the whole organisation of the gold subsidy. Like earlier requests from several West Coast Miners' Associations they wanted the subsidy to be controlled by the Mines Department rather than the Unemployment Board. Taking advantage of supposed sympathy from the newly formed Labour Government the association also requested, early in 1936, a larger say in the organisation of the scheme. At a meeting they asked P.(Paddy) Webb, the new Minister of Mines and an ex-miner, to grant direct-localised control by the

NOTE 4:UB 11/5/6 Denniston Miners' Union to Commissioner of Unemployment, 20 Nov. 1935.
NOTE 5:UB 11/5/6 M.D. Wells (Millerton Postmaster) to Commissioner of Unemployment, 25 Jun 1935.
Department, rather than by a committee made up of 'local businessmen and farmers.' It was several years before this request was met in full, and by then there were very few miners still on the scheme. The government did grant one concession though. In July 1936 the Reefton Association was granted representation on the Inangahua Mining Executive Committee.

In the latter half of 1934 the Blackball Unemployed Workers' Union had also been prepared, like the Reefton Union, to take a stand on the whole principle of relief work. This arose in a conflict between the Union and the Minerva Goldmining Company. The Minerva Mine had been recently re-opened after a grant from the Unemployment Fund. The company was using the £500 grant to construct and recondition tracks. In a letter to the Chairman of the Unemployment Board the Blackball Union asked why the company was not forced to use local unemployed men for this work. The criticism appears valid, but the union did not follow it up. The Board replied stating that the agreement with the company did not stipulate the use of unemployed labour. Unable and unwilling to take the matter further the union let the matter rest.

What was perhaps the major criticism of working conditions came not from the subsidised prospectors but from the very man they seemed to dislike, Strong. As noted earlier, Strong was critical of the method of payment by vouchers. It was an issue that New Zealand unions had long fought against.

NOTE 7: UB 11/5/3 Transcript of interview between Webb and Inangahua Subsidised Prospectors and Relief Workers, 13 Jan 1936.
NOTE 10: 150-150 70
and it is suprising that the unemployed prospectors were willing to accept this form of payment. In making his complaint Strong clearly illustrated the hardships that this inflicted on the men. Those in 'back-block' areas had to travel great distances to cash their money-orders. He exemplified this by explaining the position of the men working in the Red Jacks area. They had to get up at five o'clock on Saturday mornings, walk three miles to Notown, four miles to Kamaka and another three to Stillwater, where they caught the train to Greymouth at a cost of two shillings. All this because local storekeepers refused to deal with the inflexible vouchers.\textsuperscript{11} Although this method of payment obviously caused much inconvenience the men themselves did little to change the system, leaving it to Strong to contact the Board. This is indicative of the attitude of a large number of the subsidised prospectors. They appear to have preferred mining quietly by themselves, leaving any discontent to the few willing to deal with it.

The Board itself was conscious of some of the system's weaknesses. In the view of Board members, some miners were systematically cheating. Tony Simpson's book \textit{The Sugarbag Years} gives a vivid example of how the men circumvented the ruling that the subsidy was reduced or stopped if gold earnings were above two or three pounds a week.

To offset this, the men simply sold enough gold to keep within the subsidy level and sold the balance to private buyers. Thus the scheme

\textit{NOTE 11: UB 11/5/- Strong to Commissioner of Unemployment, 31 Jan 1934.}
succeeded only in driving down the returns to the Department.
Some bought a second miner's Right in an assumed name and sold the extra gold to the bank or a buyer under that name. 12

This, of course, was not the only ploy used by the less scrupulous miners. There were many ways the prospectors could cheat the Board of their endorsements. Strong reported one prospector, W. Downes, to the Grey Mining Executive who had a 50 percent endorsement on his mining Right and was therefore forced to repay a loan for equipment by refunding half of his gold earnings. To get around this Downes sold all his gold for the year 1935 on his 'mate's' Right. 13 He was ultimately found out and was removed from the subsidy. The endorsement would be left on his Right until the loan was completely repaid. This method of deceiving the Board was easy to detect, as all supervisors and gold dealers double-checked the returns from all parties.

Another method of cheating was for a miner to take out a Miner's Right in his wife's name and sell all surplus gold under her Right. The Unemployment Board soon became wise to this ploy and in October 1932 issued a counter rule. All Certifying officers were to obtain, from the Warden's Court, a list of women holding Miner's Rights who had a husband that was a subsidised miner. Their Rights were then simply endorsed by the Board in a similar fashion to that of their husbands. 14

For those prospectors who successfully employed these or other methods of cheating the Board they still had to pay

NOTE 13: UB 11/5/8 Strong to GME, 6 Mar 1936.
the odious export duty of 12s.6d. per ounce. The obvious way to avoid this tax was to sell the gold illegally to an unregistered gold dealer. It is difficult to know how widespread these illegal dealings were. It is, however, probable that most goldfield areas had at least one person willing to risk the wrath of the law by buying gold directly from prospectors. Normally these would be people who had internal markets for the gold and were therefore not involved in the risky business of smuggling gold out of the country. They would probably be jewellers, or would sell directly to jewellers.\textsuperscript{15} As Strong pointed out, prospectors had little to gain by selling to such buyers. They bought gold in order to make a profit themselves and seldom paid the full price, frequently pocketing the 10 percent endorsement themselves.\textsuperscript{16} Thus by selling to illicit gold dealers all the prospectors achieved was a depletion of the small fund which the Unemployment Board accumulated from endorsements for the purpose of financing further prospecting. It is possible that the majority of illegal sales were to small merchants and shopkeepers in remote areas. This was so because prospectors were reluctant to travel to the main centres to sell their gold to a dealer. In Blackball, for example, there were no gold dealers. In a report to the Department of Labour:

\textbf{NOTE 15}: D. Wells, who prospected in the Kaneri district during the depression told of a Hokitika jeweller, 'long since dead', who was more than willing to purchase gold from any prospector, subsidised or not. In his essay 'Depression Gold' A. Wood also tells of the purchase of gold from subsidised miners by unregistered gold dealers. Pp 107-108.

\textbf{NOTE 16}: UB 11/5/8 Circ. Strong to Subsidised Miners, May 1933.
Strong stated the case of one publican in the town who had recently sold £582 worth of gold, 95 percent of which he estimated to have come, illegally, from subsidised miners. The publican was prosecuted but it was impossible to prove where the gold came from.

Because of this illicit sale of gold the Unemployment Board and the Labour Department claimed that it was impossible to judge the financial success of the scheme, or more to the point, they used this as an excuse to explain the apparent small returns from the prospecting scheme. It is doubtful that the subsidised prospectors did sell large amounts of gold this way. Unless they had a 50 percent endorsement on their Mining Rights they had little to gain. Moreover, the risks were high. Any miner caught selling gold illegally was immediately removed from the subsidy.

Given the working conditions and meagre returns of the scheme the responses to it seem unduly favourable. There was little or no militant action against the Board, a remarkable phenomenon considering the unionist heritage of the majority of the West Coasters on the scheme. The Unemployment Board could well be pleased with this. Although they chose to highlight the few cases of illegality that they found, their belief that this was widespread enough to greatly affect gold returns cannot be accepted. The Subsidised Prospecting Scheme was perhaps one of the most challenging forms of unemployment relief adopted in New Zealand. The work was hard and the results seldom more than mediocre; despite this it appeared exceptionally well-balanced. The credit for this goes not to the Board, nor

NOTE 17: EP 11/1/- Strong to Secretary ED, 27 Aug 1936.
largely to the local Executives, but rather to the men who worked on it. They were, for a number of reasons, willing to accept the conditions of the scheme. Either because the alternatives were worse, or because they were willing to indulge in the gamble that gold prospecting inevitably is.

The parochial nature of unemployment relief administration was also partly responsible for the largely positive responses to the prospecting scheme on the West Coast. The scheme was not something imposed on the area from Wellington, but rather it was developed to suit each area's individual needs. Perhaps even more importantly, the scheme tended to be supervised by local men who were experienced in regional conditions and knew the men under them. The supervisors Rab Clark and John Smeaton in the Blackball area are indicative of this. Both were very highly respected union men working in an area where the majority of subsidised prospectors were members of the Miners' Union. Their appointment suggests an attempt by the Grey Mining Executive to defuse any number of potential difficulties. The men under Clark and Smeaton knew that their supervisors would do as much as possible to help them.

Nowhere did the gold prospecting scheme lead to the antipathy that was apparent in other relief schemes, especially the work camps. In these camps Unemployed Workers' Unions were formed and strikes and demonstrations advocated. Prospecting differed from the camps in that it was 'semi' voluntary. In many areas, however, there was no real alternative. Blackball, as a small isolated township, is again an ideal example of this. The town was a

centre of large scale unemployment. What was virtually a year-long strike in 1931 had led to a large number of dismissals. The men were left with the alternatives of either leaving the town, going on rationed roadworks under the No.5 scheme or going prospecting. For many, work on the prospecting subsidy meant employment on the nearby Blackball terraces, only a few minutes walk from home. Many like Rab Clark, owned a few acres of land on the surrounding flats and these could be easily tended. The gold scheme was not compulsory but it was the best of a very limited choice of alternatives.

In contrast to Blackball is the small town of Howard, situated on the Howard River, a tributary of the Upper Buller River between Lakes Rotoroa and Rotoiti. As described by A.J. Woods, Howard was a small town of some 350 people established during the depression as a base for subsidised prospecting on the Howard goldfield. He describes this development of a 'community of subsidised prospectors' as one of the prospecting scheme's 'greatest successes'.

Here the effect of the scheme was different from all other areas in that the community developed around the prospecting scheme rather than the scheme around the community.

Another reason for the kind of responses to the scheme lay partly in the kind of work and the life-style offered. As Adam Hamilton, the Minister of Labour said

there is an element of romance in the Unemployment Board's achievement not only of reviving gold digging as an important New Zealand industry, but also of creating a new generation of gold diggers.


**NOTE 20:** GRA, 5 Jul 1934.
The subsidised prospectors may not have seen themselves as being a potential 'new generation of gold diggers', nor their role as 'romantic', but Hamilton's statement does go part way to explain the miners acceptance of appalling conditions. We should not forget the close affinity that the 'Coast' felt in the 1930s (and still does) to the gold rushes of the previous century. The majority of West Coasters worked in some form of primary industry, either mining, forestry or agriculture; as such they were accustomed to the ruggedness of the terrain. Young men were brought up on tales of the romance and toil of the gold rush days. Most had, then as now, at least tried fossicking for gold in an attempt to augment their income. They were aware of the arduous task ahead before they went on the subsidy. Not so the city factory workers and clerks who suddenly found themselves drafted into relief camps far away from all recognisable forms of civilisation.

Another reason for the lack of real criticism of the gold prospecting scheme lies in the fact that goldmining is in essence, a largely capitalistic enterprise. Like the prospectors of the nineteenth century, the subsidised miners were seeking their 'El Dorado'. There was always the chance of the big find. Thus, although unemployed prospectors' associations and unions were established on the West Coast, there was little they could have done. Striking would have been ineffective as the men were working for themselves; the harder they worked the greater the possibility of striking gold.

Some, like the Fiddes and Meikle Party in December 1934, did strike payable gold and this was an incentive for
other prospectors. The two miners, Bert Fiddes and Ben Meikle had been working in the Caples Creek area in the upper Moonlight Valley for fourteen months prior to their discovery. They were joined by two other miners, James and Jim Meikle, also on the subsidy, just prior to the discovery of the rich lode. On 21 December, after two weeks driving into a quartz reef, the party took their first load of gold into Greymouth. They sold 69 ounces of high quality gold worth about £500. This substantial find had been extracted by very primitive methods from a mere 60 pounds of quartz. Fiddes described the lode as being 'in broken country'. The upper Moonlight area, in the Paparoa Ranges, is very rugged indeed and the mine was on a steep, bushclad hillside. Despite these handicaps the party had mined a further 240 ounces by March 1935. They had been designated as self-sufficient by the Grey Mining Executive and were removed from the subsidy. The broken nature of the Paparoa's was eventually their downfall. The leader they traced had, at its widest was a mere five inches across. It soon split and disappeared and they failed to relocate it.

In the ten months to January 1936 they recovered a scant 16 ounces of gold, putting their total up to 368 ounces, valued at £2,576. In that month an Auckland syndicate bought them out. So ended what had perhaps been the most successful single enterprise associated with the gold prospecting scheme on the West Coast. Although of little value to the

NOTE 21: GRA, 22 Dec 1934.
NOTE 22: UB 11/5/- Strong to Commissioner of Unemployment, 21 Dec 1934.
NOTE 23: GRA, 8 Mar 1935.
NOTE 24: UB 11/5/8 Strong to Commissioner of Unemployment, 13 Jan 1936.
Jim Meikle at site of successful claim in Upper Moonlight.

(Howitt Collection).

Pack Horses leaving Blackball for diggings. R. Clark fourth from left.

(Howitt Collection)
party themselves, the example was invaluable to the scheme. It was the hope of a similar find that kept many miners on their claims.

A further hypothesis for the lack of criticism lies in the type of man involved on the scheme. The Unemployment Board saw their prospectors as being of three different types. There were firstly, the genuine prospectors, generally older men who looked upon mining as a permanent occupation and who worked with a 'will to succeed'. The second type was a younger man who regarded the job as a 'fill-in' until something better turned up. The Board considered that with patience 'the majority of these men could be trained as miners and induced to follow this occupation.' The third category were described as 'the unfortunate victims of the depression years.' Men who saw the job purely as a relief measure and were not willing to work any harder than they had to. The majority of men would have fitted into the Board's second category. It was not their chosen occupation, but was decidedly the best alternative that depression employment offered. It is most unlikely that there were very many of the third kind of men involved on the prospecting scheme. The work was too arduous and not rewarding enough to encourage them to remain on the scheme.

W.B. Sutch has given a somewhat romanticised description of the goldminers of the depression. In his view some professional men, such as accountants, engineers and journalists, felt that they were losing prestige by working as unemployed in towns and cities where they had once been successful businessmen; they went prospecting.

NOTE 25: EP 11/1/43 Reefton Mining Engineers to Dept. of Labour, 19 Mar 1937.
NOTE 26: W.B. Sutch, Poverty and Progress, p 138.
Were this true it would definitely explain the lack of militant protest against the scheme. However, there is no evidence that significant numbers of city dwellers, and especially professionals, came to the West Coast to prospect during the depression. There were some parties from Christchurch working on the 'Coast', but as preference was given to experienced men with adequate equipment, these were few in number. Again, inexperienced men would, in general, find the rewards incommensurate with the task. Sutch's description may be based largely on the work of F.W.G. Miller, a Dunedin journalist who found himself out of work during the depression. Offered nothing better than relief work during this period, Miller took himself and his family to the banks of the Clutha. There he lived for a period in the most primitive of conditions, supporting himself on his gold earnings.

The majority of men prospecting on the West Coast were willing to accept the scheme for what it was, a 'fill-in' job that offered the possibility, however slim, of ample rewards. They accepted the conditions as a necessary part of gold prospecting. They did not, however, follow the Board's proposition and become fulltime prospectors. As soon as alternative means of employment became available, almost all the subsidised prospectors left the gold industry. This is perhaps the best test of their acceptance of the scheme. The fact that they returned readily to wage labour rather than remain prospecting shows their basic dislike of the occupation many West Coasters were forced to accept during the depression.

NOTE 27: UB 11/5/- Strong to Commissioner of Unemployment, 31 Jan 1934.
NOTE 28: F.W.G. Miller There was Gold in the River, Wellington 1936
CHAPTER SIX

FROM RELIEF EMPLOYMENT TO MINING PROJECT

Between 1935 and 1940 the need for the prospecting scheme as a relief project diminished. The Labour Government came into power in December 1935 with new attitudes towards unemployment relief. By 1940 employment problems had been eclipsed. With the outbreak of war the administration of the prospecting scheme, or what was left of it, had returned a full circle and was again under the control of the Mines Department.

As unemployment decreased, moves were made to wind up the large infrastructure and expense that unemployment legislation had demanded. In September 1933 official figures had put unemployment at some 79,000 men. By the end of 1935 this had fallen to approximately 57,000.1 Even before the Labour Party victory in November 1935, there were signs of change in the management of unemployment policy. In August 1935, Gordon Coates, Minister of Finance announced that the Unemployment Fund had made a profit of some £2.5 million pounds for the year ended in June. Consequently the Unemployment tax was reduced from one shilling in the pound to tenpence.2 At the beginning of October this was again reduced to eightpence.3

Simultaneously it became clear that the government was changing its attitude to the gold prospecting scheme. In his 1935 Financial Statement, Coates announced that increasing attention was being paid to large scale operations, as against prospecting on small individual claims, with the object of providing permanent employment in the industry for increasing numbers of men.4

NOTE 1: Figures for males on unemployment register, wholly or partly a charge on the Unemployment Fund.
AJHR 1936, H 35 P 7.
NOTE 2: GRA, 7 Aug 1935.
NOTE 3: GRA, 28 Sep 1935.
The Forbes/Coates Coalition appeared to be concentrating on what they regarded to be the permanent aspects of gold prospecting well before 1935. At Humphreys Gully, for example, there were some 200 men employed in conjunction with the Public Works Department. In 1934 a similar project had begun in the Reef ton area. The Unemployment Board, the Mines Department and the Department of Scientific and Industrial Research had combined in an effort to prospect the wealthy quartz deposits surrounding this town.

When Labour came to power in November 1935, P. C. Webb, the new Minister of Mines and the representative for Buller, promised to continue this trend in subsidised prospecting. The Labour government's attitude to the Mining Industry was tied even closer to economic realities than that of the former government. Webb maintained that previous governments had wasted far too much money on 'reckless adventures' into the goldmining industry. During an inspection of the West Coast in early 1935 he stated that all future aid would only be given after thorough investigation. 'The pick and shovel days', he said, 'are like Bob Semple's wheel-barrow - they are gone for good'.

Although not directly linked to the prospecting scheme the attitude of the Mines Department did affect its future administration. The Unemployment Board concentrated increasingly on work that would have some permanent benefit to the industry. In July 1934, a grant of £5,000 had been made by the Board to the D.S.I.R. for the purpose of a

**NOTE 5:** See Chapter 3.

**NOTE 6:** GRA, 11 Dec 1935.

**NOTE 7:** GES, 10 Mar 1936
geophysical survey of the auriferous regions of New Zealand. In November 1935, this was increased by a further £2,500. The Labour Department and the Mines Department later co-operated with the D.S.I.R. in this venture, which concentrated on one project – the Reefton Goldfield's Development Project. This consisted of a full appraisal of the quartz belt surrounding Reefton. 8 The new government was reluctant to share their responsibility with ad-hoc, non-elected bodies. As The Press noted in September 1936, the policy of the present Government differed entirely from that of the previous government in that it would not delegate its authority to any outside body not directly responsible to the people. 9

The first example of this new approach came in May 1936 with the passing of the Employment Promotion Act. The main object of this Act was the demise of the Unemployment Board and the replacement of the Unemployment Fund by the Employment Promotion Fund. On 1 June 1936, the Unemployment Board ceased to exist. 10 It was replaced by the Employment Division of the Labour Department; a body at least nominally more responsible to the people than the Board.

In July 1936, in an effort to establish a policy on the continuance of the Prospecting Scheme, the Employment Division sent a memorandum to the various mining authorities asking for their 'confidential opinion of the No.5 Gold

NOTE 9: Press, 23 Sep 1936.
Prospecting Scheme'. In his reply Strong lamented the fact that the scheme relied in the main, on men whom he described as 'unsatisfactory workers', saying that this was not to the advantage of the mining industry.

No doubt it is the inevitable result of circumstances beyond immediate rectification that the development of the natural resources, especially gold in New Zealand have been relegated to a type of relief work scheme and payment.

He concluded that steps should be taken to put subsidised prospecting on a 'more reliable and satisfactory basis'. Strong was undoubtedly seeking to have the scheme handed over to the Mines Department. Others were also critical. In his report to the Division, A.R. Evans, the Mining Engineer for Otago, suggested means by which the Department could improve the scheme, but did not mention the possibility of changes in administration. In fact these reports served only to satisfy the Labour Department of the value of the scheme, and it was continued with only minor modifications.

The demise of the Board left certain anomalies in the administration of the scheme. The Mining Executives had been appointed by the Board and therefore they had no legal authority after 1 June 1936. To rectify this, and as part of their policy not to delegate responsibility, the Labour Government began, in August 1936, to abolish the Executives. To accomplish this difficult task, the department sent J.S. Hunter, the Secretary of Labour and W. Bromley

both ex-members of the Board, on a tour of the West Coast Counties. Starting in Hokitika they attended the last meeting of the Westland Mining Executive, on 12 September, 1936. Assuring the members that their actions were in no way personal, Hunter and Bromley thanked them for the work they had done for prospecting. The administration of the scheme was then the responsibility of the District Employment Officer. Working their way northward through the four counties, the two completed their task in Buller on 22 September.

By the end of 1936 an era had passed on the 'Coast'. The Executives who had done so much during the difficult years of the depression were replaced by a single government official. Control was officially handed over in October 1936.

A decrease in the number of prospectors led to the combination of the Grey, Inangahua and Westland County Schemes, under the leadership of the Greymouth District Employment Officer, H.J. Anthony. In a report to the Employment Division, he stated that the acceptance of an extra 162 men comprising 15 from Ross, 102 from Hokitika and 45 from Reefton, would pose very few problems for the Greymouth administration. The changeover to the Labour Department and the amalgamation of the Counties went very smoothly, perhaps because of the diplomatic nature of Bromley and Hunter's visits. After thanking the Executives, they both expressed the desire that the individuals concerned would

NOTE 15: EP 11/5/2 Record of meeting of Hunter and Bromley with WME, 12 Sept 1936.
NOTE 17: Extract from Memorandum dated 1.10.36 from Sect. Labour to the DEO Greymouth. (Original on EP 8/36/21)
continue to aid the Department by offering advice through the medium of their local councils. 19

This question of continued advisory assistance was however, rather academic. Means were already afoot for the Mines Department to take an increased portion of this role. In August 1936, during the Mines Department Supply Debate, both the Minister, P. Webb and W.A. Bodkin, the Member for Central Otago, had suggested that the Department become more involved in the subsidised relief scheme. Bodkin also suggested that the Board had been more concerned with the 'welfare of the men than the broad question of mining' which he regarded to be of greater value to the country. He criticised the scheme for ignoring expert advice and limiting the work to 'surface prospecting in areas that had been previously worked'. 20 Webb's criticism was even harsher than Bodkin's.

The Department of Labour had spent last year about £175,000 on prospecting for gold and the men employed had done good work, but at the same time it was realised that the money was provided mainly for the sake of keeping the men occupied. 21

Although not proposing that the Mines Department take over the work previously handled by the Unemployment Board, they did suggest that the prospecting scheme was doing little of permanent value for the gold industry. Bodkin suggested that scientific prospecting would be of greater benefit to country, than merely employing subsidised prospectors. 22

Although it would be several years before the wishes of these

NOTE 19: EP 11/5/2 Minutes of WME, Hokitika, 12 Sep 1936.
two were completely fulfilled, the Mines Department did begin taking a more important advisory role in the administration of the scheme.

By the end of 1936 the Subsidised Prospecting Scheme had changed dramatically. It was no longer the regional scheme that had been adopted and adapted by the local counties as a means of aiding the unemployment problem. It was now, through a process of amalgamation and legislation, part of a centralised scheme under the control of the Labour Department.

The new system retained many features of the old. The position of Mining Engineer was maintained by the Employment Division, as was that of supervisor. With Strong's promotion to Wellington and subsequent death in February 193723 the new Grey administration area was left unsupervised. He was replaced by L. Hunter, who based himself in Reefton. This move reflected the increasing importance of mining research over relief employment. A Mining Engineer, E. Collier, was also appointed, for the first time, to the Buller district.24

The number of men involved in the scheme dropped dramatically after 1936. This was noticeably so in the Buller area. In June 1936, there had been 356 men employed on the Buller scheme,25 by the end of June 1937, there were only 165, a drop of almost 200 men.26 This was in itself a reflection of an improving economy. The Labour Government's policy of increasing the use of sustenance was also a contributing factor. But more significantly the Public Works programme, initiated by the new government, was

NOTE 23: See P 76.
employing large numbers.

Strangely enough, as the number of prospectors decreased, the economic efficiency of the scheme increased. In the second half of 1938, 115 miners in the enlarged Greymouth area, some 43 of whom were on development work, produced 532 ounces of gold valued at £3,727. During this period they had been paid a total of £3,562. In a report on this to the Employment Division, Anthony claimed that

the value of gold produced has for the first time in the history of the scheme, exceeded the subsidy payment...It can now be assumed that the men engaged on gold prospecting have mastered the occupation and can now be classified as experienced miners who have adopted alluvial mining as their occupation. 27

As the number of prospectors decreased, the average gold production would naturally tend to increase. Those who remained on the scheme, after 1937, would either be those that, Anthony had described as having adopted goldmining as an occupation, or those working profitable claims. Those who were not earning satisfactory wages would tend to leave the scheme for easier wages.

This departure from the scheme was only one factor contributing to the decreasing number of prospectors. The economic feasibility of the scheme had been closely scrutinised during 1937. Its future was beginning to be weighed, not by the number of relief workers it could sustain, but by the number of workers who could sustain themselves.

The Department...was pursuing a definite course of developmental work with the objection of locating propositions which would be payable and give permanent work to a number of men. The case of each prospector is at present under review, with a view to deciding whether the work done and gold produced by each prospector warrants his retention on the subsidy. 28

Physically fit younger men, who were working satisfactorily on unprofitable claims were moved to development works. Those who did not meet this standard were removed from the subsidy and placed on sustenance. Youths, whose fathers were in full-time employment were also withdrawn from the scheme. The District Employment Officer in Westport felt that the 'scheme benefits considerably by these reductions.' He suggested that all general prospectors be removed from the scheme, leaving only those on development or contract work. The Employment Division was reluctant to accept his proposals. Suggestions for a greater emphasis on developmental work were already a part of the Department's policy. Work of this nature was being carried out in Reefton and South Westland. In both areas the Employment Division was co-operating with the D.S.I.R. and the Mines Department.

The desire for consolidation and economy in the prospecting scheme, combined with political pressure for a change in its administration, led to a further study by the Labour Department into the viability of the scheme. To achieve this, a document called 'A Survey of the Gold Prospecting Scheme to March 1937' was prepared for H.T. Armstrong, Minister of Labour. Its purpose was primarily to assess whether the annual expenditure, by the Department on the scheme, was 'warranted in view of the amount of gold recovered.' The report noted that during

NOTE 31: EP 11/1/- Minister Labour to Minister Finance, 22 Dec 1937.
NOTE 32: Ibid. This sum covers all expenditure by the Department on the goldmining industry including the prospecting subsidy, subsidies to mining companies, mining engineers, special prospecting parties like the Reefton Goldfield's Development Scheme, geophysical
1936 an average of 1,800 men had been employed on the scheme.

The cost of providing sustenance to this number of unemployed would amount to at least £160,000 per annum, and in return for that expenditure it must be recollected that not one iota of value would result. On the other hand, the actual sum expended on subsidies and wages under the Gold Prospecting Scheme for the same period amounted, strangely enough, to £160,000. 33

During this time subsidised prospectors had sold over 7,000 ounces of gold with a value of £50,000. From this the government received £4,375 in export duty. Therefore, the actual cost of the scheme, the report maintained was reduced to a 'figure within the vicinity of £100,000.' 34 In the report, Armstrong stressed the contribution of the scheme to an overall assessment of the nation's mineral resources. Moreover, he regarded the scheme as possessing a four-fold value.

1. In the final cost, it is definitely cheaper than the alternative of sustenance.
2. It contributes to the national wealth some material return for the outlay of subsidies, etc.
3. It offers reasonably satisfactory full-time employment, particularly in the direction of sustaining the mental and physical outlook of the individual, and
4. It is an economical and thorough method of prospecting the Dominion's mineral resources. 35

In December 1937, Armstrong's report was referred for approval to Walter Nash, the Minister of Finance. Nash accepted Armstrong's recommendation for the continuance of the scheme, suggesting only minor administrative changes. The rule, whereby deductions were made from the subsidy when gold winnings exceeded an approved figure was withdrawn. 36

He also proposed that advances under Scheme 8B to private

NOTE 33: Ibid
NOTE 34: Ibid
companies be reduced. In future, he suggested, such subsidies from the Labour Department should cover Labour costs only. Should a subsidy in practice prove to be greater than total wage costs, it was to be regarded by the company as a loan to be repaid irrespective of the company's success or failure.37

These new arrangements did little to alter the downward trend in employment on the scheme. By March 1938, there were 622 men engaged in general prospecting in New Zealand, and 114 on special investigation and prospecting work.38 The number of men involved continued to decrease. In April, Armstrong called a meeting of interested parties to reassess the scheme's viability. The meeting consisted of three Parliamentarians; Armstrong, Webb, the Minister of Mines and M. Fagan, a member of the Legislative Council and an ex-goldminer from Reefton, A. Tyndall; the Under-Secretary for Mines; J. Hunter, the Secretary of Labour; W. Bromley, also from the Labour Department; H. Bockett, the Labour Department Accountant and Dr A. McKay from the Treasury.39 Proposals from Armstrong for the continuance of the scheme were accepted and sent on to Nash for approval. Amongst these was a reaffirmation of Nash's proposal, that the rule limiting the amount of gold sold before the subsidy was reduced be dropped. It was hoped that this, plus the earlier reduction of the 10 percent levy would stop illicit gold sales and hence increase the profitability of the scheme. As Mark Fagan remarked, 'the stable door was shut after the horse was gone.'

NOTE 38: EP 11/1/- Armstrong to Fagan, 4 Apr 1938
NOTE 39: EP 11/1/- Transcript of meeting held in Armstrong's office, 6 Apr 1938.
The Prospecting scheme was to continue unchanged for less than a year. At the end of 1938 the advocates of Mines Department control scored a notable victory. In December P. Webb's Mines Portfolio was increased to include the Ministry of Labour. Webb was thus more able, and perhaps more willing, to shift the Prospecting Scheme from one of his departments to another.

The end of Depression relief was marked on 1 April 1939, with the demise of the Employment Promotion Fund, descendent of the Unemployment Fund. As a consequence, the Social Security administration remaining for relief works was inaugurated into surrounding Departments. Plans for the Prospecting Scheme to be controlled by the Mines Department were begun in early 1939. To prepare for this, instructions were sent from the Labour Department to the various District Employment Officers, who administered the scheme. All existing subsidies were to be maintained, but no more were to be granted. Of the twenty-two supervisors in the six mining areas of Thames and Coromandel, Marlborough, Murchison, Westport, Grey and Cromwell, only eight supervisors were to remain in employment. On the West Coast, the Buller office was closed and the whole scheme was centralised under the Greymouth office. Of the four supervisors in Buller, only E. Collier, the Mining Engineer, remained. In the Grey area, the five supervisors, (T. Kearns, R. Clark, W. Barber, E. Mitchell and J. Smeaton), were dismissed. This left

NOTE 45: Schedule showing proposed changes in staff arising out of the transfer of the Goldmining Scheme, from the Labour Dept. to the Mines Dept, 1 Apr 1939.
K.J. McKinnon, the senior supervisor and Collier to supervise the scheme on the West Coast. Both were transferred as field staff, to the Mines Department. 46

On 1 April 1939, the Subsidised Gold Prospecting Scheme was returned to the control of the Mines Department. That date also marked the end of the Employment Promotion Fund and therefore the end of the machinery that had been set up to cope with the onslaught of a depression almost a decade before. The administration of the scheme had turned a complete circle, from the Mines Department to the Unemployment Board, from the Board to the Employment Division of the Labour Department, and finally back to the Mines Department. As a form of employment relief it had at its height, employed some 4,000 men, but once returned to the stringency of a stable economy, the numbers quickly dropped. After 1936, the prospectors showed that the scheme was to them merely a means of unemployment relief. As soon as alternative work became available they left. By mid-1940 there were only 175 men on the scheme in the whole of New Zealand. 47

That the scheme succeeded in its endeavour to employ men in areas where even ordinary relief employment was difficult, is irrefutable. The scheme satisfactorily employed up to 1,500 men on the Coast for several years under conditions that would have appalled relief workers elsewhere. But what of the Unemployment Board's aim to establish a 'new generation' of self-sufficient goldminers? The subsidy did not encourage miners to stay on the scheme,

nor did it have any permanent effect on the New Zealand gold industry. As the Reefton Inspector of Mines stated in 1936, the scheme proved not to be the economic success that had been hoped for.

While the scheme has not, hitherto, been worthwhile, insofar as it has as yet produced no evidence of establishing one mine along the lines of a successful industrial undertaking, it has been of definite benefit to the community. That is, it has produced several thousands of pounds worth of a commodity, which is more than can be said for some of the other schemes initiated for the same purpose as this one. 48

Only once in the three following years did the scheme come close to the efficiency of a 'successful industrial undertaking'. That was in 1938 when the Grey County prospectors produced a greater value of gold than was paid in subsidy. This Greymouth first, was never equalled.

The prospecting scheme was more economically productive than the majority of other relief schemes which were estimated to have a productivity of 10 percent. In 1931, the Hon. Mark Fagan had suggested that a prospecting scheme would repay the country at a figure closer to 60 percent, or the production of £4 of gold for every £6 spent on the subsidy. 49 By 1935, the Grey County had made a return of some 77 percent on expenditure. Over that period, Westland County produced 64 percent, Inangahua some 44 percent and Buller recovered a mere 16 percent of wages. The figures for the last three Counties are perhaps more indicative of the scheme as a whole, than are those of the Grey County. In 1934 the Collingwood area boasted a productivity of some 60 percent, 50 while in July 1936, the Cromwell District employment Officer assessed the returns from the scheme in his area to be around 30 percent. 51

NOTE 49: NZPD Vol 229, P 729, 18 Sep 1931.
NOTE 50: A. Wood, P 90.
The difficulty of estimating these figures lay in the proportion of illegal gold sales. 'What is not known', wrote H. Armstrong, the Minister of Labour, 'is the amount of gold that was won and sold but not recorded for official purposes'.\textsuperscript{52} A. Wood, the only historian to examine the gold scheme in any depth, agreed with the Minister. Illegal gold sales, in his view, significantly distorted gold production figures. Indeed, he refuses to estimate gold production on the grounds that

any conclusions about this must be made in the light of the considerable amount of gold sold through illicit channels. \textsuperscript{53}

Both Minister and historian, however, appear to exaggerate the difficulties and the degree of dishonesty. Armstrong was at the time trying to prove the economic viability of the scheme. It was, therefore, to his advantage to exaggerate these illicit sales. Wood, for his part, draws his conclusions largely from work done on the Maggie Creek field. The latter was a relatively new goldfield and Wood estimates the value of average earnings to be as high as £5 per week.\textsuperscript{54} This is much greater than the few shillings averaged in the majority of West Coast fields. If Wood's figures are correct, then it is quite feasible that the miners at Maggie Creek could afford to hold a significant amount of gold back and sell only a limited amount on their endorsed Miner's Right. This is not to say that subsidised miners on the West Coast and other regions did not sell their gold through illicit channels. The majority of subsidised prospectors could not afford this luxury. They did not earn

\textit{NOTE 52}: EP 11/1/- Minister of Labour to Minister of Finance, 22 Dec 1937.

\textit{NOTE 53}: A. Wood, P 118.

\textit{NOTE 54}: Ibid, P 105.
more than the £3 a week allowed under Unemployment Board regulations. Unlike the miners of Maggie Creek, they had little to gain from illicit gold sales as the savings would not have been commensurate with the risks. It is therefore doubtful whether illegal gold sales would have 'significantly' distorted gold production figures.

Gold production should not be seen as one of the major successes of the scheme. Although national production did increase during the depression, this was due to an increase in the price of this commodity rather than the efforts of subsidised miners who probably produced little more than 5 percent of total production. 55

The scheme also failed to create a 'new generation of gold miners', a hope frequently expressed by both the Unemployment Board and the Employment Division. The total number of goldminers in New Zealand increased from 3,636 in 1932 to 6,715 in 1935, but had fallen again to some 2,754 by 1939. 56 The subsidised miners accounted for a large proportion of this increase in miners in the mid-1930s. The figures show that when the men left the scheme they did so to join the labour force, not to continue mining. In a report to the Employment Division in 1936, Strong could name only thirty men who had left the scheme in the Grey area to take up permanent employment as goldminers, twelve on their own claims and eighteen for a private company. 57

Perhaps one of the scheme's major successes lay,

strangely enough, in its failure to secure payable amounts

of gold. Having failed in its two aims of permanently establishing a number of unemployed as gold miners and of substantially increasing the nation's gold production, the scheme did at least prove the extent of New Zealand's future gold reserves. As the District Employment Officer in Cromwell stated, the scheme 'proved that areas thought to be wealthy are in fact worthless'.

Prior to the Scheme's establishment both the mining industry and numerous politicians had looked towards a 'gold revival' as a possible means of insulating the economy against any present or future economic crisis. By proving that the prospectors of the nineteenth century had done a thorough job, and that New Zealand did not contain unlimited gold reserves, the Prospecting Scheme ended such dreams. Both the subsidy and the doubling of the price of gold in New Zealand during the 1930s failed to encourage a permanent revival of the gold industry. The final realisation of this came at the end of 1941 when the Mines Department ceased to subsidise prospecting. It is doubtful that even the vastly inflated price of gold over recent months will prove to revive the New Zealand gold industry.

Although it appeared to have accomplished few of its initial aims the scheme can still be seen as a success. It was a vital and challenging adaptation of the No.5 Relief Scheme, and as such it proved to be immensely effective. The Prospecting Scheme on the West Coast was set up after, and partially superseded, this scheme as a means of relief. In areas where relief employment was limited it offered men an alternative form of relief employment which many accepted readily.

### APPENDIX I

**GOLD EXPORTED FROM NEW ZEALAND 1900 - 1945**

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<th>Year</th>
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<td>1938</td>
<td>152,487</td>
<td>1,296,839</td>
</tr>
<tr>
<td>1939</td>
<td>176,370</td>
<td>1,628,526</td>
</tr>
<tr>
<td>1940</td>
<td>188,459</td>
<td>1,948,280</td>
</tr>
<tr>
<td>1941</td>
<td>176,242</td>
<td>1,830,365</td>
</tr>
<tr>
<td>1942</td>
<td>167,246</td>
<td>1,726,540</td>
</tr>
<tr>
<td>1943</td>
<td>149,563</td>
<td>1,542,793</td>
</tr>
<tr>
<td>1944</td>
<td>138,048</td>
<td>1,423,556</td>
</tr>
<tr>
<td>1945</td>
<td>121,084</td>
<td>1,262,884</td>
</tr>
</tbody>
</table>

**SOURCE:** J.H.M. Salmon, P. 290.
## APPENDIX II

### MINES DEPARTMENT EXPENDITURE ON ASSISTANCE TO ALL FORMS OF MINING FROM INCEPTION TO 31 MARCH 1925.

<table>
<thead>
<tr>
<th>Description</th>
<th>£. s. d.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure by Mines Department upon the purchase or erection of public batteries at Coromandel (1900), Mahakirau (1894) and Kuaotunu (1906)</td>
<td>2,409.13.8</td>
</tr>
<tr>
<td>Diamond and other drills (1.4.1906-31.3.1925)</td>
<td>20,068.13.0</td>
</tr>
<tr>
<td>Roads and bridges (1.1.1873-31.3.1925)</td>
<td>990,814.5.8</td>
</tr>
<tr>
<td>School of Mines (1.1.1885-31.3.1925)</td>
<td>126,798.18.9</td>
</tr>
<tr>
<td><strong>Subsidies</strong></td>
<td></td>
</tr>
<tr>
<td>Assistance to prospecting, etc. (1.1.1871-31.3.1925)</td>
<td>159,904.14.2</td>
</tr>
<tr>
<td>Loans under Mining Act (1.1.1913-31.3.1925)</td>
<td>69,723.4.6</td>
</tr>
<tr>
<td>Assistance to oil-boring companies:</td>
<td></td>
</tr>
<tr>
<td>Loans (1.1.1913-31.3.1925)</td>
<td>21,824.0.0</td>
</tr>
<tr>
<td>Bonuses</td>
<td>8,750.0.0</td>
</tr>
<tr>
<td>Bonus for production of quicksilver (1917-1921)</td>
<td>581.5.0</td>
</tr>
<tr>
<td>Bonus for production of shale oil (1903-1904)</td>
<td>5,000.0.0</td>
</tr>
<tr>
<td>Water races - construction, management and operation (1.1.1877 - 31.3.1925)</td>
<td>432,754.1.2</td>
</tr>
<tr>
<td>Other purposes connected with the fostering of mining, including grants to libraries, aids towards treatment of ores, artesian well boring, resumption of land for mining, repairing flood damages, wharves, drainage, and tailings channels, etc., etc., from 1.8.1871 to 31.3.1925 (approximately)</td>
<td>40,000.0.0</td>
</tr>
</tbody>
</table>

**Total**: 1,878,628.15.11

**Geological Survey (31.3.1906 - 31.3.1925)**

(from 1.1.1873 to 31.3.1925)

<table>
<thead>
<tr>
<th>£. s. d.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,969,901.12.2</td>
</tr>
</tbody>
</table>

**SOURCE**: Dominion Mining Conference, P 311.
APPENDIX III

AVERAGE PRICE OF GOLD PER OUNCE IN LONDON
1930 - 1939.

<table>
<thead>
<tr>
<th>Year</th>
<th>£</th>
<th>s</th>
<th>d</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930</td>
<td>4.8.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1931</td>
<td>5.17.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1932</td>
<td>6.9.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1933</td>
<td>7.16.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1934</td>
<td>8.12.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1935</td>
<td>8.17.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1936</td>
<td>8.15.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1937</td>
<td>8.15.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1938</td>
<td>8.17.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1939</td>
<td>9.14.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SOURCE: Prichard, P 346.
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New Zealand Gazette
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11/1/2 Goldmining - general arrangements for subsidising men under Schemes 5 (special) and 8A and instructions and forms issued - 16.1.32-12.4.38

11/1/3 Goldmining - Scheme 8B - general correspondence re setting up - 4.9.33-3.7.38.

11/1/11 Amendments to Mining Act and procedure for protection of subsidised unemployed prospectors - 28.3.33-7.12.36.

11/1/18 Goldmining - general arrangements with Scientific & Industrial Research Dept. - Geological & Geophysical Survey - for cooperation - 10.3.32-7.9.36.

11/1/20 Goldmining - suggestion Dominion scheme for special expedition - W.M. Tyers - 19.3.31-3.3.33.

11/1/21 Goldmining - request for information re Board's scheme - 23.5.34-23.5.34


11/1/43 Goldmining - supply of publications and bulletins to mining engineers - 24.5.35-9.9.38.

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11/5/- Pt.1-3 Goldmining on West Coast - general correspondence - 13.10.31-4.10.35.

11/5/2-Pt.1-4 Hokitika - goldmining - general correspondence - 15.1.32-12.2.37.


11/5/4 West Coast Mining - general correspondence Ross - 10.12.31-24.5.38.

11/5/6-Pt.1-4 Westport - goldmining correspondence - 16.11.31-22.2.38.

11/5/8-Pt.1 Goldmining - general report of mining engineers re scheme on West Coast - including Mr Strong's reports on Grey County - 28.6.32-31.5.36.


11/5/11 Ross prospecting Assoc. - assistance towards prospecting and clearing tracks - 23.9.31-16.5.32.

11/5/13-Pt.1-2 Reefton - correspondence re goldmining.

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11/5/26-P.1 Goldmining - West Coast - extension of Humphrey's Gully water race -

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Held at the University of Canterbury Library.
A7 Minutes of Ross Borough Council, 19 June 1925 - 19 June 1935
C9 Correspondence Outward, 1920's-1930's.
C10 Correspondence Inwards, 1930's.
C23 Correspondence Miscellaneous, 1920's-1940's.
C27 Correspondence Miscellaneous, 1920's-1940's.
   (Includes Ross Prospecting Association).
D5 Prospecting 1930's, (includes Minute book of Ross Unemployment Committee, 1931-1932).
D6 Prospecting Miscellaneous.
G14 Newspaper clippings 1915-1950.
G20 Unemployment, 1932-1940.

4. **NEWSPAPERS**

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