

Dear Sir,

I beg to acknowledge receipt of your letter of 28th ultimo enclosing a memorandum from the Honourable Minister for Mines in connection with the Preolenna Coal Field which I return herewith.

Certain aspects of this matter coincide with the purport of Sections 3, 4, and 5 of the Honourable the Minister for Mines' memorandum of 14th ult. forwarded by you on 21st ult. in connection with the draft of a publication in connection with Geological Survey work. If I may be permitted to do so I desire to respectfully submit the following remarks in regard to both memoranda.

The purport of the later memorandum can, I think, be summarised under three headings:- (1) The exact limit to which the Geological Survey should go in expressing opinions as to the value and prospects of deposits which they have investigated; (2) The accuracy or otherwise of the estimate of the value of the Preolenna Coalfield; and (3) The giving of information to the Press.

I beg to point out certain aspects of the questions under each head for the consideration of the Honourable the Minister for Mines.

(1) The question as to what should or should not be included in a Geological Survey publication and to what extent statements should be made as the value of deposits or fields which have been subjected to examination coincides with the matters mentioned in Sections 3, 4, and 5. of the earlier memorandum.

The decision as to what on broad grounds shall be included in Geological Survey publications has already been made by the Honourable the Minister for Mines so that the present consideration is confined to the matter of what shall be published in regard to the value of specific deposits or fields.

If the work of the Geological Survey is to result solely in the presentation of the geological aspects of the field or ore deposit and no statement as to the value or worthlessness of the deposits resulting from the study of these geological factors is to be included, I contend that a failure to attain the objective of the investigation results. A statement that certain slates are of Cambro-Ordovician age or that coal seams are of Permo-Carboniferous age or that certain ore deposits are metasomatic replacements of schists by the resulting solutions from an underlying differentiating granitic magma are of undoubted interest and importance since they enable certain deductions to be made as to the value of specific deposits, but are of no value to the general public in whose interests we are working if such deductions are not made. Now who is the best qualified and fitted to make such deductions? Obviously the geologist who has made the investigations as the general public are quite unable to do so.

At this stage I beg to draw attention to the following cases in connection with the mining industry into which most of the geological survey investigations naturally fall.

- (a) Mines in active operation,
- (b) Deposits partially opened up or merely known to exist, located on leases held under the Mining Act.
- (c) Deposits similar to (b) but on ground not so held.

(a) After a geological examination of mines in full and systematic operation a statement that the ore-reserves or general prospects are greater or less than represented by the management would merely result in transactions on the Stock Exchange which do not aid in the development of the Mining Industry as such. Such statements are in these cases undesirable and the results of the detailed examination of such mines should, I beg to submit, be used in arriving at the value of other portions of the same field or different fields as potential locations of similar deposits.

(b) and (c) If the result of the geological investigations of deposits which are lying idle on either occupied or unoccupied ground is such as after due deliberation to warrant the statement that they are valuable and would justify exploration and exploitation, then surely to ensure the development of the industry such statement ought to be made. In the case of (b) the result may be that the holders of the lease are enabled to obtain the capital necessary for the development of their property. The result is the utilisation of the deposit and the development of an industry the attainment of which is the chief *raison d'etre* of the Geological Survey. In the case of (c) the present holders of the lease will benefit financially while in the case of (b) some individual or group of individuals at present unknown will benefit financially by acquiring the leases. What does this matter as long as a successful industry develops?

Industries cannot be developed without capital and the public will not subscribe such capital without some unbiased and reliable judgement of the value of the deposits it is proposed to work. I respectfully submit that the investing public look to the Geological Survey.

The question of human fallibility and errors of judgement is naturally acknowledged, but the crux of the position is the reliability and efficiency of the organisation evolving such conclusions. None of us are infallible and that fact is acknowledged in all walks of life and is automatically taken into consideration in most enterprises. But if the Government openly states that it is not responsible for the conclusions arrived at by its officers the general public naturally acquires doubt as to the reliability and efficiency of such officers. I therefore respectfully submit for the consideration of the Honourable the Minister for Mines this aspect of the case, and as a Public Servant to submit that I do not regard with equanimity the repudiation by the Government of responsibility in regard to the recommendations I may make. I certainly appreciate the fact that any such recommendations should not be published if they are in conflict with any Government policy, but if they are made and published I respectfully contend that by repudiating their responsibility the Government is destroying whatever public confidence may exist.

The statement recently published in regard to the Preolenna Coalfield applied to the whole field and was practically a repetition of what has already appeared in Bulletin 13.

I shall revise the Circular on the work of the Geological Survey on the lines suggested by the Honourable the Minister for Mines, but beg to suggest that its resubmission be postponed until definite finality is reached in regard to how far we should go in making recommendations and statements as to the value of deposits. This is really a very important matter and a definite understanding in regard to it and a mutual appreciation of what is the most desirable limit to reach is necessary. In this connection there are so many aspects of the position that it is difficult to deal with in correspondence, that I beg to suggest that before making his final decision on the matter the Honourable the Minister for Mines consent to defer the question until I have an opportunity of discussing it with him personally. As there will be no Geological Survey report for publication for some months to come such delay should cause no inconvenience and the first opportunity could be availed of of my meeting the Minister if he deems it desirable.

(2) There is apparently a difference of opinion as to the value of the Preolenna Coalfield. I could submit many reasons why the coalfield is undeveloped and why I regard it as an asset. I am moreover not alone on my estimate.

(3) The information was given at the request of the Press as a repetition with some emphasis of what had already appeared in a Geological Survey Bulletin.

A recurrence of this conflict with the wishes of the Honourable the Minister for Mines and yourself will I am sure be highly improbable when the former has made his final determination as to the limit of statement of value and I can undertake that none will take place. In the meantime I shall certainly carry out your instructions in regard to the making of statements to the Press.

The reference to Lake Rolleston arose inadvertently and I shall certainly see to it that nothing of the kind occurs in regard to the Geological Survey.

In conclusion I beg to emphasise the fact that I am actuated in putting the matter in the above light with the desire to assist in the development of the State for which I work.

I am, Sir,

Your obedient Servant,
(Sgd.) Loftus Hills,
Gov. Geologist.

W. H. Wallace Esq.,
Secretary for Mines.