

## MINING REPORTS.

That stricter measures are necessary to ensure honesty in reporting on mines, especially when those reports are intended for flotation purposes, was emphasised by the Principal of the School of Mines (Dr. B. H. Moore) and the State Mining Engineer (Mr. R. C. Wilson), in an address at Kalgoorlie last Saturday. Dr. Moore said that he thought it was time someone took in hand the matter of mining reports. "Mine reporting is no job for every Tom, Dick and Harry," he affirmed, "but a whole-time job for a qualified expert." He complained vehemently of the gulling of the public. He recommended that the Institute and the Government should take the matter up. Mr. Wilson said in effect that some reports were conscientious and some were not, and the ethical side of mining reporting needed investigation as well as the technical. He mentioned a letter on the matter circulated to Australian Stock Exchanges by the Council of the Institute of Mining and Metallurgy, and said the Exchanges did not appear to like the idea of control. He also insisted that the men making these reports should have some professional standing, and mentioned the difficulty he sometimes met with when asked to recommend experts for this work in finding qualified men willing to make reports under present conditions.

That at present it is particularly desirable that goldmining investment in this State should be guarded from suspicion of rash or unscrupulous practices will be generally understood. An atmosphere of distrust would greatly injure the industry's legitimate prospects. "An almighty scramble for loot"—the term applied to the mining industry once by a well-respected goldfields manager—cannot last. But when the problem is faced as to what can be done, the subject appears to bristle with complexities. The element of risk and uncertainty can never be eliminated from goldmining, and, however promising early indications may be there must be some element of unpredictability as to the sequel. Honest and capable men may make mistakes, and less honest men may "get away with it." But at least the public can be awakened to demand explicitness in

awakened to demand explicitness in reports, especially in those used for flotation purposes, and to look for a clear line to be drawn between observed facts and the inferences and anticipations based on those facts. Expectations estimated with too great a profusion of confident figures should be suspect. As Mr. Wilson said at Kalgoorlie: "When reporting upon a property in the very early stages of development, it is absurd to deal with the question of ore reserves and monthly tonnages." It is often necessary to spend a good deal of capital to get a reasonably clear idea of what is under the surface. But water supplies, presence of wood for fuel and timber, nearness to railway line and other factors bearing on costs should be included, and if the report is to contain geological speculation about the formation of the ore body, it should be the work of someone qualified in geology.

That consideration raises the thorny question of the qualifications of the men making reports. This is one of the matters on which there is opening for definite reform. The term "mining engineer" at present is a very loose one, which may mean high qualification and scientific training, or a scrappy, hand-to-mouth smattering of the subject. It should be possible for the Government to determine on a standard of qualification entitling a man to call himself a mining engineer, and to insist that reports for flotation purposes should be signed by a person possessing these qualifications. That would not certify infallibility, but it would impose the safeguard of professional reputation against fraud or hysterical imagination.

Another matter in which the Government might well consider action is that of ensuring publicity for the full details of the process of flotation from

the original acquisition of the ground down to the final proposed transfer to the intended company. Between the original vendors of leases and the ultimate shareholders there are often intermediate speculators who risk little or nothing of their own money in the enterprise, but who are awarded blocks of paid-up shares or the right to take up reserved blocks of shares if the affair turns out well. These intermediate promoters, for services the

mediate promoters, for services the value of which would be hard to specify, often come better out of the transaction than either the original vendors or the investing shareholders. Their part in the transaction at least should be known to the investing public. It is one powerful cause of over-capitalisation. And share buyers might well have their attention periodically drawn to the relation which the price they are paying for shares has to the original capitalisation of the company. Many a concern, promising and profitable on the scale originally planned, has sunk under the weight of absurd over-capitalisation forced upon it by avid gamblers in shares.

There remains a moral responsibility on the Committee of the Stock Exchange, which might consider the tightening up of its rules for listing. This body, like the Law Institute or the British Medical Association, has a duty to the public in checking the activities of the unscrupulous, because it has or can acquire inside knowledge not available to the public, and has some control over its membership. The South African Government is seeking means to check dishonest or questionable speculating in goldmining, and their conclusions will be scrutinised with great interest in Western Australia, especially as our Companies Act is now under re-consideration.

But when all is said and done, no measure of control will ever take the

interested primarily in share gambling to scrutinise over-carefully the intrinsic value of the properties in which they speculate. By their manipulation every item of news from the scene of action, favourable or otherwise, tends to be given a violently exaggerated influence on the market price of shares.

## BIBLE CONTEST

£30 IN PRIZES.

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element of risk and gambling out of goldmining, or ensure that anticipations, even when arrived at with all possible care, will be fulfilled. Nor will such control ever induce speculators interested primarily in share gambling to scrutinise over-carefully the intrinsic