

JOSEPH WILLIAM POYNTON examined. (No. 2.)

1. *The Chairman.*] What is your name?—Joseph William Poynton.

2. What are you?—Secretary to the Treasury.

3. Will you please tell us what you know with regard to this matter before the Committee?
—I disclaim any intention of posing as an expert in the technicalities of the iron industry. I was introduced to the matter through being, as Public Trustee, the representative of the late Sir A. J. Cadman, who held leases of the Taranaki foreshore deposits and rights at Parapara. Quantities of ore available: The deposit at Parapara is the greatest in the world adjacent to the sea-shore. There are three other known deposits of greater extent, but none near the sea—one in Lapland within the Arctic Circle, one in Central India, and several detached groups in the Lake Superior region. The extent of the Parapara deposit is much greater than is generally known. Dr. Bell in his interesting report on the Parapara Subdivision gives the contents of one block as about 22,000,000 tons. Since he wrote, further investigation has shown that other great outcrops are there, and tunnelling has proved that what appear on the surface to be detached masses are connected underground. From information I have received I believe the quantity of high-class ore in the block to be nearer 200,000,000 than 22,000,000 tons. South of this block the Onakaka deposit is an enormous one, containing perhaps more than the Washbourn Block. The large quantity of ore has an important bearing on the offer submitted by English capitalists for developing the deposits. Taranaki ironsand: I have not been able to get anything like a reliable calculation of the quantity of ironsand on the Taranaki coast. Estimates vary from 20,000,000 to 100,000,000 tons. There is probably a great quantity below low-water mark in some places, which would tend to replace that taken from the beaches if extensively worked. Importance of the industry: There is no need to do more than refer to this. Some political economists believe that the possession of extensive coal and iron deposits is the surest foundation of national greatness. With the disappearance of timber and the substitution of iron for it in many things its importance tends to increase. Shipbuilding may be instanced. A few years ago there were no iron ships; now few are built of wood. To a remote island people like New-Zealanders, dependent on the sea for communication with other lands, the possession of vast quantities of high-grade iron-ore at the seaside in Taranaki and Parapara is of great significance. Shipbuilding as a New Zealand industry may be laughed at now, but it is one that should before long assume importance. Development or reservation: Two courses are open to us—should we develop these deposits or reserve them for our descendants? The deposits of high-grade ore throughout the world are becoming exhausted, and in sixty years (some writers state, in a much shorter time) all the accessible ores will be gone. In money-value the Parapara deposits will then be worth a fabulous sum. Ore of similar quality is now brought from Spain and Sweden to Britain and is selling at £1 and £1 6s. per ton in large quantities. The price must advance as the demand increases and the supply becomes less. The wisest course would be to conserve these resources for our grandchildren, giving them a heritage of the greatest value. But such a proposal is a counsel of perfection and will not be followed. That being so, what should be done to make use of them? State development: Theoretically there is much to be said in favour of the industry being started by the State, and very strong arguments can be used to support this course; but there are also serious objections, the principal being—(1.) The amount of capital required to start up-to-date iron and steel mills is very great, and it would be a tremendous risk for the State to undertake the business, diverting the attention of many of its public men from other and more pressing subjects. (2.) To justify the establishment of the industry on a large scale foreign markets are absolutely necessary—the local consumption being at present small. (3.) To enter into competition with private enterprise in foreign markets the State would have to cut rates, give credits, and do many things quite unusual and impossible in State activities. (4.) The secrecy with which large private concerns act, and which in competition is so vitally important, is impossible in a State enterprise. Reports have to be submitted to Parliament, returns supplied at the request of members, information given to Select Committees, and in other ways publicity about everything in connection with the business is unavoidable. (5.) If, as is probable, the question of establishing the industry as a State enterprise became a party one its existence might depend on a turn of the political tide. It is therefore certain that if the industry is to be a State concern it must be on a very moderate scale, aiming at supplying the local needs only. The Ethelburga Syndicate's offer: The offer of this powerful corporation is to expend a very large sum in starting the manufacture of iron and steel from our ores on a big scale. The offer contains, *inter alia*, the following terms: (a) To supply the New Zealand Government with iron and steel at the price of manufacture, plus 5 per cent. thereon; (b) to permit the State to resume the works at the end of twenty years on compensation to be fixed by our Supreme Court; (c) to hand over everything to the State after forty years without compensation. The syndicate requires a subsidy of 5 per cent. on £650,000 during the term of the lease. This will mean when in full work a sum of £32,500 per annum, or say 10s. per ton on 65,000 tons of iron or steel produced. This appears to be a large sum for the State to pay, but it must be remembered—(1) That other countries have paid much more than this to have the industry developed; (2) that such countries had no agreement with the iron-manufacturers to supply the State with iron and steel at a low price; (3) that there was no arrangement for resumption by the State on compensation, or a free gift of all the property to it at the end of a reasonable period. This syndicate is an immensely powerful one. In all financial papers will be found reference to its gigantic operations in different parts of the globe. It can at once use up or get markets for the products of its mills, and in this way only can New Zealand hope to see its iron industry rapidly develop. The larger the amount of production the cheaper the product is an economic law, and if the output of these mills on the scale expected were realized the cheap iron and steel furnished to the State under the offer to supply it at cost