

price, plus 5 per cent., would in a very short time save to our country more than the annual subsidy. We would thus have the industry established without any cost at all. Instead of the cost of starting the industry being £650,000, it would probably reach to twice that amount. If it were a total failure, say, after five years, we would have expended, say, £150,000, the company five times that amount, the plant would be ours, and the experience would be valuable for us in the future. If, on the other hand, the huge experiments were successful, our total liabilities for forty years would be £1,300,000 only. We would then get possession of all the furnaces, railways, plant, and goodwill of a going concern without paying one penny. During the last fifteen years Canada has paid more than £3,000,000 in bonuses without having any such generous terms offered. It may be said that there would be little of our ore left after forty years, but that is not the case. Even if a million tons per year were taken out there would be plenty left for our people for a thousand years or more. Australia is about to develop the iron industry vigorously. If we lose this opportunity, that development will draw population from this country and make it still more difficult for the industry to get a start here. By way of a summary I would briefly point out the advantages of closing with the offer: (1) A most important industry would be immediately established on a large scale; (2) the development of other dependent industries, such as coal-mining and shipbuilding, would be stimulated; (3) by-products, such as coal-tar and ammonia from the coke-ovens, would give rise to other industries; (4) basic slag, a most valuable fertilizer and top-dresser, would be produced in large quantities locally; (5) the Government would get girders and rails and other iron and steel goods at a low cost; (6) our educated young men would get employment as metallurgists, chemists, and at other skilled occupations without having to go abroad, and so being lost to the Dominion; (7) the population of the country would be increased considerably; (8) the whole of the property would divert to the State at the end of forty years, without any compensation whatever being paid. The offer combines the advantages of nationalization and private enterprise. If withdrawn, through delay in acceptance, the loss to the Dominion, though not realized, will be very great.

4. *Mr. G. M. Thomson.*] Speaking of the cost of production Mr. Poynton says, "We should thus have the industry established without any cost at all. Instead of the cost of starting the industry being £650,000 it would probably reach to twice that amount." Can you give us any information, Mr. Poynton?—The New South Wales Government estimates, I think, nearly £3,000,000 as the cost of starting an industry there on a big scale. If the Ethelburga Company want to produce for their own foreign markets they would have steam and girder mills: these cost large sums.

5. You said the manufacture would cost twice as much to anybody else as to the Ethelburga Company?—I did not mean that. I was merely showing the £650,000, the amount the syndicate proposes to get subsidies on. The impression seems to be that the cost will be £650,000, and therefore we are paying 5 per cent. on the amount invested. As far as I know modern up-to-date mills cost more than that.

6. You say basic slag will be produced in large quantities locally. Have you the analysis—have you the cost particularly in basic slag?—Possibly it is not so rich in phosphorus; it is not so rich as some of the English ores in phosphorus.

7. *Mr. Sidey.*] How did you become interested in this matter?—By being Public Trustee. Since then I have followed the matter closely, and read a good deal of literature and reports on it, and, thinking it was a very good proposition for the country, I volunteered to give my ideas on the matter.

8. You have no interests at all in the matter?—No, excepting to say it would be for the good of the country; I am absolutely disinterested.

*The Chairman.* I understand, Mr. Sidey, Mr. Poynton appears through having been asked by the clerk, who knows something with regard to the subject.

9. *Mr. Nosworthy.*] And through being the trustee in the late Sir Alfred Cadman's estate, in which some of this property is: that is how you got to know about it?—Yes.

10. *Mr. Sidey.*] We have no information put before us as to what the position of the land is?—Leases. It can be got from the Mines Department.

11. What leases did Cadman have?—942 acres—what is known as the Cadman lease; this [pointed out on plan] is Cadman's lease, and that is Washbourn's 56 acres. This lease is from the Commissioner of Crown Lands in Nelson; Cadman's is a mining lease of forty-two years from the Mines Department; these are the two leases.

12. Do they both form part of the Cadman estate?—It is under sale to the Christchurch people—the Parapara Syndicate. They took it over from Cadman's partnership.

13. Is there any interest?—No, it is a sale to the Parapara people.

14. How many years of the lease are there to run?—The Cadman lease was granted in 1906, I think, for forty-two years, with a right of renewal, and the other is only a short lease. And there is a provision in the Cadman lease that the State is not to resume possession for twenty-eight years. The State would have to wait twenty-three years yet, so that this right to take over the leases after twenty years would be better for the State.

15. What did you make the total liability of the country at the end of forty years?—It is paid so-much per year. We would pay an amount according to the amount expended, probably, for the first two years—not nearly that amount.

16. That is without interest?—Yes, without interest.

17. *Mr. Wilkinson.*] Have you made any calculation with regard to the cost of production?—A number of calculations have been supplied, but they vary very much. That is a matter for the Ethelburga Syndicate, and if they make a mistake that is their loss.

18. The idea is that the Government should buy at cost price, plus 5 per cent.: would this mean cheap iron?—They must produce it cheaply in order to compete. On the face of it the production would be very cheap; the estimates vary very considerably.