

50. By some form of State aid?—Yes.

51. The present scheme involves the granting of State aid to one company and one company only?—Yes.

52. To the exclusion of all possible competitors?—Yes.

53. There is no other offer on the same terms: I understand the present proposal necessarily involves the acquisition by the Ethelburga Syndicate of the Parapara and Onakaka properties?—No, it is not so.

54. What properties, then, does the proposed company contemplate by the Bill?—The Taranaki ironsand, Washbourn, and others.

55. It involves the Onakaka, Parapara, and also properties in Taranaki where there are deposits of iron?—Yes.

56. It involves therefore the formation of an extremely big company for the acquisition of large tracts of iron-ore?—Yes.

57. Do you know anything of the Ethelburga Syndicate?—No, only by reading the papers. They seem to be very powerful, and have interests in many parts of the world.

58. You are speaking of the Ethelburga Syndicate in its transactions in Europe and elsewhere, and not with regard to its financial transactions with respect to New Zealand?—No.

59. You do not know what capital the Ethelburga Syndicate proposes to find for New Zealand?—No.

60. You do not know what relationship the contributions by the State bear to the amount of working capital they propose to find?—The proposal is to put out 65,000 tons and get 5 per cent. on a capital of £650,000.

61. £650,000 is provided for under the Bill, and they are to receive from the State £32,500 a year for forty years upon the production of a certain amount of iron?—Yes.

62. Is it not a fact that the contribution by the State will thus provide interest and sinking fund upon the outlay of the company?—On the £650,000.

63. Which is the total capital of the company? Is the total capital of the company required to be found under the Bill?—Yes.

64. You have taken the estimate £650,000 as necessary to provide the capital of the company—to provide mills and so on?—I think it will be far more than that.

65. Will anything like that sum be required for the production of pig iron?—No.

66. Would not a capital of something like £100,000 do?—£160,000.

67. Well, take that amount: would it be sufficient for the provision of an up-to-date plant for the production of pig iron, &c.?—It depends on the furnaces.

68. We estimate £100,000 for the production of pig iron. You cannot say?—No, I am not an expert.

69. I understand that your notion of the expenditure of £650,000 is based upon up-to-date rolling-mills, &c.?—Mills that would have to produce iron and steel rails to compete in America, China, and elsewhere.

70. You do not limit it to the manufacture of pig iron?—No.

71. You notice that the bonus is payable upon pig iron and manufactured iron?—Yes, I believe it is. There is no distinction. In Canada there is a distinction.

72. Do you know that it is estimated that the cost of the production of pig iron on this property is £1 10s. per ton, without reference to by-products?—I have seen it as low as £1 7s. 6d.

73. £1 10s. is a fair estimate of producing pig iron in this district—Parapara?—I have seen estimates varying from £1 7s. 6d. to £1 15s. and more.

74. The Crown subsidy ceases on the expiry of forty years. It can only cease earlier by the purchase of the property of the company—after the expiry of twenty years?—Or the company failing to carry on the lease and to produce the 65,000 tons per annum.

75. Now, the purchase at the expiry of the twenty years includes the amount for capital expended on the properties and the goodwill and other interests of the business created by them as iron and steel producers in New Zealand?—Yes.

76. The Bill says, "shall be paid by the Government to the lessees for capital expended in such properties and all goodwill and other interests in the business created by them as iron and steel producers from New Zealand ores on such resumption." Now, I understand Mr. Cadman's lease is terminable at the expiry of twenty-one or twenty-two years, as the case may be?—There must be compensation.

77. Compensation payable under the terms of the lease?—Fair compensation after twenty-eight years.

78. Can you give the Committee any idea how many furnaces would be required to produce 65,000 tons of pig iron a year?—Not without looking up some books. I cannot speak from memory.

79. Would it surprise you to hear that one furnace alone is sufficient to produce the required quantity per year?—I am speaking of a moderate furnace.

80. At any rate, I think you will admit this, Mr. Poynton, that this present scheme has for its foundation some arrangement for the acquisition of the Onakaka and Parapara properties?—It is optional for them to come under this Bill.

81. The Bill only refers to a property?—To two or more properties, I think; it is optional for two or more of the properties to come in.

82. I suppose section 9 is what is referred to?—The company is defined by clause 2. Clause 4, paragraph (a), reads: "The holders of the leases mentioned in the First Schedule hereto may surrender any of the said leases at any time before the first day of June, one thousand nine hundred and thirteen, and in the place thereof there shall be granted by the Minister a lease containing the same areas as those covered by such leases."