

16. You are not inclined to think the ultimate production of steel was got from the local samples?—You cannot produce steel from pig iron. You must get manganese-ore.

17. *Mr. G. M. Thomson.*] Surely not—only some classes?—You must use the ore.

18. *Mr. Craigie.*] In your opinion, what is the disadvantage in establishing ironworks in New Zealand, which would have to compete with those at Home?—There is the outlay in cost for a start. These works at Home were established centuries ago, and not one of them is close to the different products they use: for instance, the limestone has to be imported from Ireland. The initial outlay in cost is a big handicap. Old-established works would have a big handicap against the new company.

19. Has labour any disadvantage?—I am sure it has. Under any conditions it is almost impossible to get a man in New Zealand to tackle this. I have seen men working at those blast furnaces when hard frosts were on the ground, stripped to the waist, year in and year out. That is a very trying thing; no man works harder than those in the iron and steel industry.

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MICHAEL MYERS, Barrister and Solicitor, examined. (No. 8.)

1. *The Chairman.*] What is your name?—Michael Myers.

2. And your profession?—Barrister and solicitor, Wellington. The first point that I desire to make is this, sir: The Ethelburga Syndicate is a British company composed of British shareholders. I understand that the gentlemen who control the affairs of that company are men of standing and position in the City of London. I mention this point because one has heard the suggestion—possibly some of the gentlemen here may have heard it—that this company is in some way or other a foreign company; but it is nothing of the kind, sir.

3. Will you be as explicit and full as possible in regard to their financial standing?—I may be able to give the Committee some information on that point from another source, but, of course, I have not full information as to the capital and business of this company, and, indeed, I submit that it is hardly relevant at this stage. The sole question for consideration now is as to whether the proposals that are made are proposals which will result to the benefit and advantage of this country. On any other point, such as the financial position of this company, and similar points, no doubt we will have to satisfy the Government hereafter if this Committee reports in favour of the proposals which are made, and if the Government hereafter decides to take those proposals into consideration. For the moment it is sufficient, it seems to me, to say that, as I am informed and as I believe, this company is a British company, composed of British shareholders. The proposal which is made is purely and essentially a business proposal. It is not suggested—and these gentlemen in England do not suggest—that they are philanthropists. They are making these proposals because they think they can conduct this iron business profitably. If they did not think they could conduct it profitably they would not be here. One point I want to emphasize is this: it is not the sale of the manufactures in New Zealand from which they consider any profit can be derived. If the only market for the manufactures were the New Zealand market, the proposals now being made would certainly not be made, at all events by the Ethelburga Syndicate. While these gentlemen think that they can conduct the iron-manufacturing business in New Zealand to their own profit, they also think, and they submit, that the proposals which are made will, if carried out, result in very considerable benefit to the people of this country. First, it is necessary that the nature of the proposals should be thoroughly understood, and perhaps I may be permitted quite briefly to explain the leading provisions of the Bill. It is a Bill which has been prepared not by the Ethelburga Syndicate, but, as I understand, under the instructions of a former Government. I do not know that it was prepared for the purpose of being introduced in its present form into Parliament, but it was prepared for the purpose of its being given serious consideration. In the first place this Bill is only an empowering Bill: it empowers the Government, if the Government thinks fit, to enter into a contract or agreement of a certain kind. If this contract is entered into the Government is empowered to pay to the company with which it contracts a sum not exceeding £32,500 per year for a period of forty years. Now, what is the consideration if that payment is made? It is this: in the first place the company would have to expend a sum of £650,000, and that sum would have to be expended within a period of five years; but during those five years the Government would not be paying £32,500 per annum, but would be paying only at the rate of 5 per cent. upon the capital expended at the end of each year. Even then, after the expiration of the five years, the Government would only be paying the £32,500 a year so long as the company was manufacturing not less than 65,000 tons of manufactured material a year. It has been suggested before this Committee that the company anticipates that it will be manufacturing *only* 65,000 tons per year. Nothing of the kind. That provision with regard to the 65,000 tons per annum is not a suggestion of the Ethelburga Syndicate, but was put in by the draftsman of the Bill—a Government officer—because the draftsman wanted to provide for a minimum output upon which this sum of £32,500 would depend. I do not know what output would be necessary to make the business pay, but I should assume, in order to make it a payable proposition, that a very much larger output than 65,000 tons will be required. The first part of the consideration is that this company has to expend a sum of £650,000. The company would be under covenant to supply to the Government all its iron and steel requirements at the cost price of manufacture, plus 5 per cent. profit. I desire to point out that there is nothing in this Bill, and there would be nothing in the contract, compelling the Government to take its iron and steel from the company. Of that there can be no doubt, on the construction of the Bill as it stands. But if there were thought to be any doubt it could be made quite clear by the insertion of two or three words. That is a very important part of the consideration, and I shall show a little later that