

the provisions of the Arbitration Act, 1890, and these presents shall be deemed to be a submission within the meaning of that Act: Provided that the reference shall be to two arbitrators, one to be appointed by each party, and an umpire appointed by the arbitrators before entering upon the reference. (b.) In ascertaining such fair value the arbitration shall proceed on the same principle as to items and amount as if the property purchased were land taken for a public work under the Public Works Act, 1894. (c.) If in the course of the arbitration proceedings any question shall arise as to the right of the lessee to claim in respect of any head of damage, such question shall be determined by the Supreme Court of New Zealand upon a special case stated for the opinion of the Court." Under that lease, therefore, whether the lessee has the right for forty-two years only, with the one right for another forty-two years, or whether he has a right of perpetual renewal—and the latter seems to be the real position—the Government has the right at any time to acquire the undertaking. It is provided, as I have read, that in ascertaining the fair value to be paid by the Government under that lease, arbitration shall proceed on the same principle as in the case of land taken for a public work. That means that the Government would have to pay to the lessee, to use the words of the Public Works Act, "full compensation," and full compensation would include not only the value of the plant and machinery *in situ*, but also the value of the goodwill of the whole undertaking. Those, sir, are the rights under the Parapara lease. Now, it will be seen that under this Bill the company, if it acquires the Parapara lease, is giving up a very great deal indeed, because it proposes to work this property, or the properties which it may acquire, for a period only of forty years, and at the end of that period the Government would take over the whole undertaking without paying one penny-piece for it. Of course, it would have paid these sums of £32,500 a year in the meantime. I will deal with that a little later on. Under clause 9 it is provided—"The lessee shall within six months after the date of this lease commence, and thereafter during the terms of the lease continually prosecute, mining operations on the demised land for iron-ore as aforesaid, and for that purpose shall (except as aforesaid) at all times during the first two years of the term keep employed upon or in connection with the demised land and his said mining operations thereon at least one workman for every full area of fifty acres or less therein contained, and thereafter during the term at least two workmen for every such area: Provided as follows: (a.) For the purpose of compliance with the aforesaid labour conditions there shall be included all work done in the construction or erection of machinery or in preparations indispensable to the actual commencement of mining operations, whether such work is done on or in connection with the demised land or on or in connection with any other land situate in the same mining district or on the sea-coast thereof and used for the purposes of facilitating mining operations on the demised land. (b.) To the extent of one-half of the number of workmen which should otherwise be employed the expenditure of capital pursuant to clause ten hereof or otherwise shall be equivalent to the employment of workmen in the proportion of one man for every thousand pounds of capital which to the satisfaction of the Warden has been expended by the lessee in plant or permanent work for the purpose of the said mining operations." Clause 10 of the lease reads as follows: "The lessee shall expend in work to be done in the construction or erection of machinery, or in preparations indispensable to the actual commencement of mining operations on the demised land, such work to be done either on the demised land or (so long as such work is done in connection with such mining operations on the demised land) on land adjacent to the demised land, the sum of not less than one thousand pounds (£1,000) in all during the first year of the said term, four thousand pounds (£4,000) during the second year of the said term, and five thousand pounds (£5,000) during each succeeding year of the said term until the sum of fifty thousand pounds (£50,000) in all shall have been expended." I think, sir, that these are the only provisions compelling the expenditure of moneys by the lessees. As Mr. Davey mentioned, this is a good lease from the lessee's point of view, and that, of course, as Mr. Lee has pointed out, strengthens my case. We quite recognize that before we can expect to have this Bill passed—or a Bill upon the lines of this Bill—we are bound to show that our proposals are going to be of benefit to this country. We recognize that, unless we can show that, Parliament will not pass this legislation. If the company is able to show that a Bill of this kind would result in considerable benefit to this country, then we are at least entitled to have our proposals considered with the greatest care. The properties which the Ethelburga Syndicate have considered during the last two or three years are—(a) the Parapara lease, to which I have already referred at length; (b) the ironsand proposition in Taranaki, about which it is not necessary for me to say very much now; and (c) the property which has been referred to during the course of these proceedings as the Onakaka property. The Parapara property includes the Cadman lease of some 920 acres. It also includes what has been called the Washbourn lease of 56 acres. I have already dealt with the terms of the main lease—the Cadman lease. The Onakaka Company has a lease, I understand, the term of which is sixty-three years. I have not seen the lease, and therefore am unable to say whether or not it contains any right to renewal. The Onakaka property consists of about 900 acres, I understand. For some years, sir, the lessees of these properties have been endeavouring to make arrangements, each separately on its own account, but during the year 1911 the Ethelburga Syndicate entered into arrangements with both these concerns and acquired an option over the rights of each of the companies. It acquired rights over the Onakaka Syndicate's properties by an agreement with Mr. Turnbull, in whose name the title then stood—Mr. Thomas A. Turnbull, of Nelson—under agreement dated the 4th August, 1911. The Ethelburga Syndicate then entered into an agreement with the Parapara Company dated the 7th September, 1911. Under these agreements the Ethelburga Syndicate had an option of acquiring the rights of both those concerns. That right expired on the 31st December, 1911, but the Ethelburga Syndicate was not prepared to acquire those rights and to take over and work the properties unless it obtained some such legislation as is provided for in the present Bill. It entered into