

tion of the industry on exceedingly good terms to the country, and at a time when the industry will be very much more valuable to this country than it is at the present time; when the markets will be probably more extensive; when the ironfields of other parts of the world will be gradually becoming worked out; and when this country will be able to take over an established business with a goodwill of very great value indeed. There is one provision which the Ethelburga Company suggested and which I do not find in this Bill, and that is that if these proposals be eventually adopted, the plant and machinery required for the initial establishment, at all events, of the industry ought to be allowed to enter the Dominion free of Customs duty. I have already dealt with the question of the automatic acquisition of the business of this company at the end of forty years. There is a provision in the Bill that if the Government desire to take over the property at any time after the expiration of twenty years they may do so, but, of course, not without paying compensation; in that case compensation would have to be paid. In this connection the Ethelburga Syndicate submit that the period of twenty years ought not to be in any way abridged, because it takes time to establish an industry of this kind, and it would be some years before the industry could be placed upon such a sure footing as to be really a profitable concern to those interested in it. I do not know that I can assist the Committee further at this stage, but I shall be very glad to answer any questions.

20. *The Chairman.*] Can you see your way to put in to-morrow a rough statement showing the financial result to the Government in the way of expected expenditure and receipts: you gave it in outline in your statement?—Yes, I think so.

21. If we had it in tabulated form it would be of more use to us?—Yes.

22. You are quite satisfied as to the financial standing of this syndicate?—I personally met in London last year the managing director, and I met the solicitors. The solicitors are a well-known firm, and I understand that the Ethelburga Syndicate is a powerful concern. Of course, if these proposals were adopted the Ethelburga Syndicate would probably form a separate company for the purpose of carrying on this particular business, because it probably would not be convenient to work these properties with any other businesses that they have in hand.

23. They have further interests, almost all over the world?—They or the people of whom the company is composed.

24. Is there any chance whatever that they would form a ring to control the New Zealand trade?—I should hardly think so. I should not think that at all a reasonable thing to suppose.

25. You admit there is a possible danger if they are a very strong company financially and with wide interests?—I do not think so, because in a country like this Parliament is sitting every year, and is quite able to protect the people of the country from anything unreasonable.

26. You say that the company are willing to give a guarantee to sell to the Government at not more than the imported price?—At cost price, plus 5 per cent.

27. Or at not more than the imported price?—I am not authorized to give that guarantee, but it is a matter which no doubt the Ethelburga Syndicate would be prepared to consider. I take it that what you mean is that the cost price, plus 5 per cent., would not exceed the imported price? Of course, the Government are protected, because the Government need not purchase.

28. We are asked to believe that this is a concession on the part of the company that is of some value to the Government. Unless we have an assurance that they will sell at not more than the imported price, there is no concession?—Well, there is a concession in this way: the company believe, rightly or wrongly, that they can manufacture in New Zealand as cheaply as they can manufacture at Home. If they are wrong in that belief, then the whole of this business will immediately fall to the ground, because they could not compete in foreign markets, and the New Zealand market would certainly be insufficient to enable them to carry on.

29. Unless they could form a ring?—Even if they could form a ring the trade in New Zealand would not justify the expenditure of £650,000 of capital; and these people at Home think—they may be right or wrong in their view—that it would not pay to establish the industry at all, even with much less capital, if there was simply the New Zealand market to work on.

30. The company do not propose to give any guarantee that they will sell to the public at less than imported price?—I take it you mean by that that the company would give no guarantee that the New Zealand purchaser would be saved the whole amount of the freight as between England and New Zealand. It is not proposed to give that guarantee.

31. As a matter of fact, would not the company make the London prices, plus freight and other charges, their prices to the public?—They might or they might not; I cannot say. That is a business matter. But that again is a point where the Government could, by their contract, afford a considerable measure of protection to the New Zealand customer. Supposing the New Zealand ordinary customer were not sufficiently protected by the contract, and supposing he had to pay the full English price, plus freight, in New Zealand, the company thereby making an enormous profit, Parliament could always overcome that difficulty by altering its Customs tariff. That would soon bring the company to their bearings if they attempted what you suggest.

32. That would still leave the freight and other charges than tariff charges?—Yes.

33. You will admit that this subsidy, if given by the Government, would make the concern a monopoly as far as the production of iron in New Zealand is concerned?—Yes, but I do not think there is anything in that, because there certainly is not room for two concerns.

34. The point is that there could be no competition from within New Zealand?—That is undoubted.

35. Is it a fair thing to ask—do not answer if you think it is unfair—whether the terms of the Parapara lease have been complied with?—I am not in a position to say, because the Ethelburga people have not had to comply with them. The Parapara Company had to comply with them. But Mr. Smythe has informed the Committee that they have been complied with.

36. Are the company prepared to hand over all their freeholds and offices in other towns in which they may establish them?—In other towns than Parapara?