37. Yes?—That would be very unfair. I should hardly think so. Supposing, for instance, they purchased a piece of land in Wellington on which to erect offices: they might erect a building and let portions of it. It would be very unfair to ask the company to hand that over.

38. It would be part of the going concern, would it not?—Yes, but it might not be paid for out of the £650,000. That is a matter which could easily be adjusted under the contract, too. If it were paid for out of the £650,000 capital, then it should be handed over.

39. It is suggested, is it not, that the company would expend a sum greatly in excess of £650,000?—The company are advised that £650,000 would be sufficient to enable them to establish their undertaking in New Zealand.

40. So there is a possibility, to say the least, that they will not expend more than that in forty years?—They do not anticipate having to spend more than that—they may have to do it —for the purpose of establishing their works; but they will have to keep their plant in good order, and so on. That would come out of revenue, no doubt.

41. *Mr. G. M. Thomson.*] You are the representative of the Ethelburga Syndicate?—I am not a business representative: I am simply acting professionally.

42. You have no power to commit them to anything?—No, certainly not.

43. I was going to lead up to this question: would the syndicate be prepared to supply all the public bodies of New Zealand—Road Boards, Harbour Boards, Corporations, County Councils —at the same rate as they supplied the Government?—I should hardly think that would be a fair thing to ask them to do. It might be fair to ask them to make some concessions.

44. Five per cent. on the cost of production?—I should think the manufacturer outside New Zealand at present makes more than that. May I say that that is a matter which I have no doubt the syndicate would be quite prepared to discuss with the Government; but up to the present time it would have been no use for a representative of this syndicate to come out to New Zealand to discuss the matter, because he could have done no good up to this stage. He may be able to do some good if this Committee reports favourably.

45. That would be a matter then for negotiation?—True.

46. I have worked these proposals out, and I make out the following: The syndicate stands, first, to get 5 per cent. on the total capital expended during the first five years; secondly, 3·64 per cent. on the total capital for the remaining thirty-five years (this is based on 1·36 per cent. for sinking fund); thirdly, 5 per cent. profit on all iron sold to the Government; fourthly, all the profit they could make in the open market; and, fifthly, the redemption of the entire capital at the end of forty years. Do you consider these terms unduly favourable to the syndicate?—No. In the first place, you must eliminate the redemption of their entire capital at the end of forty years, because that is already included in the first, second, and third items. Striking that out, I do not think it is too much to ask, because the company, if it were not for the foreign markets, could not start this business at all, and the company have to take the whole risk.

47. That leads up to another point. Looking at those proposals, do you consider the company are running much risk?—I consider the company are running the same risk as any firm or person that establishes any undertaking. We know what estimates are, and we know how favourable propositions sometimes look to the investor on paper, and we know how often the result shows that the investor would have done better if he had invested his money in something else.

48. But he is covered in this case?—No, that is a misconception, I think.

49. He is covered to the extent of £650,000?—No, he is not. He is only covered if the proposition is successful.

50. If he can comply with the conditions?—No, if he can make the business successful; because these people would not—nor would anybody—hand over £650,000 to a Government merely to get 5 per cent. on their capital for forty years, and then not be repaid the capital—that is, as a business undertaking.

51. There is a great deal more than 5 per cent. involved then?—Not as a guarantee. There is nothing more involved than 5 per cent. on their capital. There is, if the undertaking is successful apart from that 5 per cent.

52. You do not consider it unduly favourable?—As a business proposition, I should not think so.

53. 65,000 tons is the minimum specified in the Bill?—Yes.

54. You say that that was put in by the draftsman?—Yes, it was not put in on behalf of the syndicate. It was put in by the draftsman of the Bill, which was drafted in one of the Government Departments.

55. *Hon. Mr. McKenzie.*] Is it put in with the syndicate's knowledge and consent?—It is consented to, no doubt, because the syndicate hope, if they enter into this contract, to have a very much bigger output than 65,000 tons.

56. Do you know whether the company are aware that it is in the Bill? Have they had a copy of that sent to them?—I have not had any answer—I doubt if I should have had time. Anyhow, I hardly think the syndicate would object to that. I do not see why they should.

57. *Mr. G. M. Thomson.*] You mean that the syndicate would have to produce a great deal more iron than that?—To make the proposition pay. I understand so.

58. Are you aware that the easily available supply of iron-ore will soon be exhausted?—Outside of New Zealand?

59. Yes. The world is faced with an iron famine much sooner than a coal famine. That is the conclusion to be drawn from statements made at the last International Geological Congress, held, I think, at Stockholm last year?—I have read that statement; I have seen it in reports.

60. Dr. J. M. Bell, in his own report here, made the following statement: "The world's supply of high-grade iron-ore is rapidly decreasing owing to the enormous annual production