

know whether this observation meets the questions put by Mr. Nosworthy, but may I say that, speaking only of the Parapara Company, they have a lease now for a term of forty-two years, and they have certainly a right to another forty-two years, and possibly a perpetual right of renewal. The effect of this Bill would be that that lease would be surrendered and a forty-years term would be substituted. That is practically the effect of the Bill.

76. *Mr. Skerrett.*] I understand that this Bill presupposes the formation of a powerful company to work the iron-deposits?—Yes.

77. That company to acquire, in some shape or form, the Parapara property, and also the Onakaka property?—That is the desire.

78. Is the proposal of the Bill conditional upon the acquisition both of the Parapara and the Onakaka estates by the proposed company?—Not necessarily. I explained the position when you were not here. We had options over both properties last year. They expired. At the present time we have only the option over Parapara. We are prepared to reinstate the previous option over Onakaka if the Onakaka people will, but so far they have not seen their way to do so. The Ethelburga people would not, I think, as at present advised, be prepared to start this business unless they could combine the two properties.

79. In answer to the Chairman you quite candidly admitted that if this Bill went through and a company were formed under it, it would practically give to that company a monopoly of the iron industry of this country?—Yes.

80. So that if the company are authorized to proceed under the Bill, acquiring only one of the properties—whether it be Parapara or Onakaka—they will have a great advantage over the owner of the property which is left out?—Certainly; but I may say at once that the Ethelburga Syndicate hope that the two will combine.

81. I should like to ask one or two questions about the capital of the proposed company. I do not know whether you have a knowledge of it or not?—I can give you some information, but perhaps not all.

82. The original proposal was that the company to work these deposits was to have a paid-up capital of £350,000?—Yes.

83. Which was to consist of paid-up shares?—Yes.

84. And a capital of £500,000, to be found by debentures?—Now £650,000; but I do not know that the whole of that is to be raised by debentures, and I do not know that the £350,000 paid-up capital connotes what apparently is in your mind.

85. Ought we not to have some exact information on that point if you cannot give it to us?—It cannot be given to you at present, and it is not so very relevant at present, because what we want to ascertain now is whether or not the Committee and Parliament think that proposals of this kind are worth going into. If they are, then it is still, of course, for the Government to be satisfied on all points.

86. Nevertheless are you aware that the original proposal was for a company having a capital of £350,000 and finding a capital of £500,000 by cumulative debentures bearing 4 per cent. interest? I am reading from the agreement?—Yes, originally that was so.

87. Is it not a fact that a substantial part of the £350,000 of paid-up shares was to go to promoters of the company in England?—I do not know that, but I should think it extremely probable. You would not get a company of this sort formed otherwise.

88. You do not propose to give to the Committee any definite information as to the amount of the paid-up capital which is to go to the English underwriters?—I am not in a position to do that. I have not the information, or I should give it.

89. Apparently under the original scheme it was proposed that £100,000 also of the debenture capital was to go elsewhere, because the recital which I have reads as follows: "And whereas it is proposed that the capital of the company shall be £350,000, divided into 350,000 shares of £1 each, and that the company shall create a series of £500,000 cumulative 4-per-cent. first-mortgage debentures, and that the company shall, in payment of all expenses, including underwriting, brokerage, and the remuneration of the syndicate, have a capital of £400,000 at least available for the purposes of purchasing plant and machinery, the purchase price of the property herein and all other property, the erection of ironworks, and the general expenses of the company"?—You have there the words "at least." Further than that, I may tell you this: that at the time that agreement was entered into the syndicate at Home was advised by its experts that £500,000 would be all that was required. It has since been advised that there should be a sum of £650,000 available.

90. At any rate, the original scheme appears to have contemplated the finding of £500,000 by way of debentures, and the application of only £400,000 of that capital to working-expenses?—Oh, no; you must read the words "at least."

91. At any rate, they were not bound to apply more than £400,000 of the debenture capital to the working-expenses of the company?—Not under that option agreement of the 4th August, 1911.

92. I understand that the present proposal is to increase the mortgage debenture capital to £650,000?—I believe so.

93. Retaining the fully-paid-up shares at the original figure?—I think so.

94. You have no information to give to the Committee as to what profit the promoters of the company are to take in the capital of the company?—No. I have no doubt that all that information would be given to the Government afterwards.

95. I understand it is not suggested to insert, nor does your company desire, any provisions in the Bill which would coerce the Onakaka people into disposing of their leasehold estate to your company?—No, nor has any attack of any sort been made on the Onakaka people.