

96. I notice—it is a pure matter of detail—that in the Bill the output has been referred to as the minimum output—65,000 tons, is it not?—That means the minimum output to secure the total bonus.

97. The minimum output to secure a royalty?—No, to secure the total royalty.

98. To secure the royalty of 10s. per ton?—10s. per ton.

99. Clause 3, subclause (c), says, “Provided that if a lesser amount is produced in any one year than sixty-five thousand tons, the contribution of thirty-two thousand five hundred pounds shall be diminished by ten shillings for each ton short of that quantity.” Whatever quantity the company produce they get a bonus in respect of it?—Yes; but that is not the Ethelburga Company’s proposal—it was drafted by a Government officer.

*The Chairman* (to Mr. Skerrett): You were quoting from a former agreement. I shall be glad if you will put that in.

*Mr. Skerrett*: With pleasure. [Document put in.]

100. *Mr. Craigie* (to witness).] At the end of forty years if the Government take this concern over they will have no goodwill to pay?—Not a penny.

101. This 5 per cent. on the outlay of £650,000 is to be paid on condition that 65,000 tons of good saleable iron is produced?—Yes; but if less than 65,000 tons is produced the subsidy is to be diminished proportionately.

102. The Government, though they can get all their requirements at 5 per cent. on prime cost, need not take the rails, &c., unless they like?—No.

103. Supposing the company erected these works and spent the full amount of the money, and found, after two or three years, that they would not pay, and they had to abandon them: would the Government have any liability?—I do not think the Government would have any liability. The Government would not have to pay the £32,500, because they have not to pay anything unless iron is being turned out.

104. Would that mean, if the works stood idle and the furnaces were out, that the leases would go on and anybody else would be kept out from the ore?—No, I should think not, because it would be quite proper to provide in a contract that if the works were abandoned, or if they remained idle for longer than some reasonable time, the Government should have some rights in the matter. That is a matter for negotiation.

105. The Government would have to be protected in a Bill?—Or in the contract.

106. Within twenty-eight years the Government have a right to acquire the works if they so wish?—After the expiration of twenty years the Government could acquire the works, but on payment of compensation, to be assessed.

107. Is there any basis for that being arrived at?—In default of agreement between the parties, by three Judges sitting as a Compensation Court.

108. *Hon. Mr. McKenzie*.] In reply to Mr. Skerrett you said that if this Bill goes through it will give this company a monopoly of the iron and steel industry of this country?—Yes, I think that would be the effect.

109. Would not that be controlled by the price in London?—Yes; but what Mr. Skerrett meant, I think, was rather such an advantage as to prevent competition by the establishment of other works in New Zealand.

110. But if any other company could supply iron at London prices, less freights and charges, they would come into competition then, would they not?—They would come into competition; but if the company entered into a contract under this Bill it would have advantages—there is no doubt about that.

111. Were the terms and conditions under last year’s proposals quite different from the terms and conditions proposed this year?—Quite different.

112. Is there any reason why provision could not be made in the Bill or the contract that, after the works have been erected for five years, the output shall not be less than the minimum of 65,000 tons a year?—That could, of course, be provided. That would be a matter of negotiation.

113. Do you think it should be provided that there should be a minimum output before any subsidy would become payable?—I do not see why it should be, because obviously it would be to the advantage of the company to have as big an output as possible. There might be circumstances over which they had very little control, or perhaps no control, which might diminish their output for some particular year or years.

114. Well, then, suppose they increased it for the next year?—That is the present Bill, you see.

115. Mr. Thomson asked you if this syndicate could form a ring to control prices. To form a ring, would it not be necessary for them to corner the iron and steel manufacturing industry of Great Britain and Australia?—I think I pointed that out, though not quite in those words.

116. But they could not control prices without doing so?—Oh, no; and Parliament is quite strong enough to prevent that.

117. Do you see any reasonable objection to provision being made, in the contract or in the Bill, by which the Government would be able to resume the concern at any time, instead of after twenty years, by paying compensation?—I do not think that that would be quite fair, because for the first few years it is quite likely that a business of this kind would be carried on at a loss; and, after all, the establishment of works of this kind as a payable proposition is a gradual process.

118. Would not that come into consideration when assessing the compensation?—Personally I do not think it would be fair. I can imagine circumstances where compensation could not possibly be adequate.