"(c.) Arrangements will be made to use State mines coal and coke, if price and quality are satisfactory.
"(d.) At the end of forty years the company to hand over to the Dominion Government the whole plant and all the machinery erected by them free of any charges; or
"(e.) Under certain equitable conditions, at the end of twenty years.
"(f.) The direct benefit to the Dominion is in the expenditure of the £650,000 of English capital in the country.
"(g.) The consequent increased employment of labour, skilled and unskilled.
"(h.) The enormous consumption of coal, &c.
"(i.) In carrying out the scheme the investors would probably pay in royalty to the State during the period of continuance not less than £150,000.

"About 25,000,000 tons of coal would be used during this period, and probably not less than fifty millions sterling of new wealth would be produced from the raw material.

"Though the above estimates are merely approximate, there is no doubt that they would be more than realized. The great thing to do is to get the big works started without further delay by people who can carry this great project through. The Ethelburga scheme is worthy of the Dominion's highest approval and support. It is on the true lines of the greatest good to the Dominion's industries and workers. "I remain, &c.,

"J. H. WITHEFORD."

Witness: There is one other short letter that I addressed to the Premier. [Letter handed in, and read by the clerk, as follows.]

"Hotel Cecil, Wellington, 13th October, 1912.

"The Hon. W. F. Massey, Prime Minister.

"DEAR MR. MASSEY,—The iron industry essential to industrial progress: I believe that your friends fully realize that it is of the utmost importance to New Zealand to secure the early establishment of modern up-to-date iron and steel works while there is not only the capital, but also the equally important outside markets available for the surplus production inevitable from the output of the large economical plant to be erected. A large output is necessary for cheap production in order to compete successfully in foreign markets against existing steel trusts, and to supply Government at the low cost proposed, which will probably be a saving yearly equal to the amount of the proposed subsidy, so that it may fairly be claimed that by the saving effected, the large capital expenditure, and money kept in the Dominion, the investors first earn for the State the subsidy which they in turn receive, and which has already been promised in another form outside the provisions of the proposed Iron Industry Bill.

"A cable has just been received from London suggesting that something definite should be done. I would respectfully support the suggestion made, that it might be of service in facilitating arrangements for securing capital and markets and the location of the works in New Zealand if the Committee report—(1) On the affirmation of the principle of outside capital being acceptable; (2) that Government be empowered to make arrangements substantially in terms embodied in the Bill (presented to you on 10th July), which was drafted and revised by your predecessors and members of your party. This will assure practically a unanimous vote if you introduce the Bill. The people of the Dominion desire the introduction of fresh capital to open new avenues of industry; relieving taxpayers; benefiting tradesmen and workers; and infusing new life and activity into the mineral districts of New Zealand; increasing the exports of the country's products, and putting a stop to the great loss yearly caused by sending so much money abroad for iron and steel goods which can be made here. The Governments of other British Dominions bordering on the Pacific support their iron industries by far greater subsidies than it is proposed New Zealand shall contribute. New Zealand further benefits by getting possession in forty years of the plant and properties without further payment, obtaining thereby an asset exceeding in value the sum total contributed by the State.

"With best wishes, &c.,

"J. H. WITHEFORD."

Witness: The reason why I drew attention to the matter was this: I had no interest whatever in the iron-deposits of New Zealand, but having sat in Parliament for five years and heard from year to year dissatisfaction expressed because nothing was done to develop these resources, and Mr. Seddon having sent word that he would like me to take the matter in hand, I, after receiving a request from Sir Alfred Cadman's syndicate to go to England and get the capital, thought "Well, I will do it, and I shall be doing a great thing to promote New Zealand's prosperity."

30. *Mr. Blair.*] Was there a proposition that the capital of this company should be £350,000 in fully-paid shares?—The proposition was that a company should be formed with a capital of £350,000.

31. In fully-paid shares?—I could not tell you as to the whole, though yours were.

32. Can you suggest that any of those shares were to be contributing shares?—I cannot tell you. The action of your Onakaka people has prevented the business coming to maturity and the prospectus being printed, which would have shown this.

33. You cannot help the Committee in that respect—as to whether these are or are not to be fully-paid shares?—I can only show the Committee the exact position of the matter outside that, and that your Onakaka people, who have caused so much delay, were getting a grossly disproportionate number of the paid-up shares that you are talking about.

34. We were getting 35,000 of 350,000?—One-tenth; yet you were only putting up £4,000 or £5,000 in cash.