

without State aid. It is true that the New South Wales Government has agreed to resume a short piece of unused railway in the interests of the company; to dredge a river-channel for a certain distance; and to reclaim a certain quantity of land for the company; but the company is to pay a fair rental for the land, and interest on the cost of the work to be carried out, so that practically the Government is not assisting financially at all. Yet this company is undertaking an expenditure variously estimated at from £1,000,000 to £3,000,000, and is relying on the returns from the trade to give a dividend to the shareholders. Not only is private enterprise embarking this very large amount of capital in an iron undertaking, but in addition to this a State Ironworks Bill has recently passed the New South Wales Legislature. The main features of this proposal, which involves an expenditure of from £1,000,000 to £1,500,000, are that a Commissioner is to be appointed at a salary of £2,000 per annum for the purpose of constructing or establishing iron and steel works, and carrying on the same as a State enterprise. The Commissioner is authorized to mine for ores and minerals, including coal and limestone; to charter or purchase ships and carry goods and passengers thereon; to construct railways and tramways and conduct traffic thereon; to dispose of to any other Government Department coal, coke, and limestone; and to enter into contracts in relation to the above or any other matters necessary for carrying on such business. Evidently, therefore, the New South Wales Government and the New South Wales Legislature are of opinion that the industry can be carried on successfully as a State enterprise even in the face of direct competition by a powerful local company; and why cannot the same thing be done in New Zealand? That the circumstances of the New Zealand venture are much more favourable than the Australian company's one is clear. Under the latter scheme the ore has to be mined at Iron Knob and Iron Monarch, over forty miles from Port Augusta (South Australia). The ore therefore has first to be brought to Port Augusta for shipment, and conveyed thence by sea to Newcastle (New South Wales), a distance of fifteen hundred miles; whereas in New Zealand the ore can be mined in close proximity to the blast furnace, the maximum distance for conveyance, even if the Onakaka lease is availed of, being only five or six miles. At Parapara the works can be erected on quite inexpensive land, and slag and waste (of which there will be a large quantity) can be deposited on inexpensive and waste land; whereas at Newcastle it will all have to be conveyed away to a distance, or else expensive land must be acquired to deposit it on. The extent of the deposit is also enormously in favour of the New Zealand venture. The deposit at Iron Knob extends over a distance of about a quarter of a mile, and the deposit at Iron Monarch is embraced in an area of about 50 acres, whereas the Parapara deposit extends over five miles. The total quantity of ore available at Iron Knob and Iron Monarch, and other places in the vicinity, is estimated at about 20,000,000 tons, whereas the Parapara-Washbourn deposit was estimated by one of the witnesses examined by the Committee (Mr. Smythe) at about 250,000,000 tons, and the Onakaka deposit at about the same amount, or a total of about 500,000,000 tons. What the expense of getting the ore to the furnace will be in the Australian Company's venture is not known, but the expense of delivering ore to Messrs. Hoskins's furnace at Lithgow is 7s. per ton, and their ore has to travel a much less distance than would be the case with the new Australian venture. I think, therefore, we may put down the cost of delivering the ore at the furnaces at 10s. per ton at the least. In New Zealand the ore could easily be delivered at the furnaces at about 3s. per ton. It is true that coal and coke in New Zealand may probably cost more than in New South Wales, and the local market is also more limited, but all the other considerations seem to be in favour of the New Zealand project. If, therefore, it is good business on the part of the Broken Hill Proprietary to embark from £1,000,000 to £3,000,000 of capital in their venture, without any State subsidy whatever, it would surely be good business for the New Zealand company to venture £650,000 in putting down a suitable plant, without receiving State financial assistance. Moreover, the Onakaka Company is willing to develop its lease without any Government assistance, and in face of this it would be unreasonable to substantially subsidize an opposing company. I presume the promoters of the company have looked, or will look, into the question of the chemical composition of the limestone at Parapara, so as to satisfy themselves that it contains the requisite proportion of magnesia. The New Zealand market is more limited than the Australian one, but is sufficient to keep a small plant going. I personally mentioned the matter to Mr. Hoskins when in New South Wales two years ago, and Mr. Hoskins stated in reply that the importations of iron into New Zealand are sufficient to justify the establishment of smelting-works in the Dominion. Moreover, the local demand in New Zealand would be greater than the output of Mr. Hoskins's own furnaces at Lithgow, which only put out about 800 tons per week, or about 40,000 tons per annum, whereas the New Zealand demand runs into about 140,000 tons a year, and will largely increase in the future. To enable the company to deal with the whole of the New Zealand trade, and to make the venture of much practical use to the Government, it will be necessary for them to put down a converter plant for the production of steel and to establish rolling-mills. The Government is not a large user of pig iron, so that if the venture did not go further than the manufacture of pig it would be of no great benefit to the Government, but if the iron is converted into steel, and if steel rails and fish-plates are rolled, and also rods, bars, angles, plates, joists, and girders for use in bridge-building, the Government would be fairly large purchasers, provided that price and quality are both satisfactory. The Committee has nothing very specific before it as to what the company proposes to manufacture. We are told that the total capital expenditure which they propose is £650,000, but as the Bill provides that money expended in wages or salaries, in the opening-up of coal-mines in New Zealand for the supply of coal or coke to be used exclusively for smelting purposes in connection with the ironworks, in the formation of tram-lines for railways, in the erection of furnaces for smelting iron-ores, in the acquisition of land and other rights under the provisions of the Act, in the construction of roads, tramways, electric-power lines or fittings,