

yours for Tasmania, and I strongly advised them to turn their attention to the manufacture of steel and the smelting of local ores. I do not think you will get much capital on this side. I think that if the New Zealand Government want to develop electric smelting they will have to make a start themselves, and they will be perfectly justified in doing so, for they would, if they work on proper lines, not only create a new home industry, but one which would pay dividends. It is difficult to obtain capital on this side for such undertakings, because the very people to whom one has to appeal are usually interested in similar concerns on this side. Our old carbide furnaces—i.e., the type which we replaced by the latest pattern—have been used for smelting iron-ore in a small work adjoining our carbide-factory, and the results have been so successful that a Norwegian company with £55,000 capital has been formed to smelt iron-ore on a large scale. The ore used is of a much lower grade than the magnetic iron-sands of New Zealand."

Financial aspect of proposals: The Chairman has asked me to say a few words as to the financial aspect of the syndicate's proposals. I am not very sure as to the manner in which the Chairman wished me to deal with the matter, but the following few notes may be useful to the Committee:—

STATEMENT SHOWING THE CAPITAL EXPENDITURE PROPOSED BY THE SYNDICATE, AND THE SUBSIDY THEREON TO BE PAID BY THE GOVERNMENT.

	Capital Expenditure by Syndicate. £	Subsidy payable by Government. £
First year	175,000	8,750
Second year	175,000	17,500
Third year	100,000	22,500
Fourth year	100,000	27,500
Fifth year	100,000	32,500
Total	650,000	108,750
Sixth to fortieth year, at £32,500 per annum	...	1,137,500
Total	...	£1,246,250

If, instead of paying these instalments to the syndicate, we invested the money at 4 per cent. compound interest, we should have at the end of the term a sum of £2,962,864. This, therefore, is really the amount we should be paying for the handing-over of the syndicate's property, to cost originally £650,000, to the State. This is certainly a huge sum to pay. If any payment is to be made at all, I suggest that the Committee should consider whether a bounty such as is paid in New South Wales and Canada would not be better than the bonus proposed in the draft Bill. A bounty of so-much per ton on all ironwork manufactured from New Zealand ores could be paid to any person, company, or syndicate who complied with the conditions prescribed, and not merely to one company or syndicate to the exclusion of all other competitors. This would remove the ground of complaint of the Onakaka lessees, and any other persons who may, either now or in the future, be similarly situated. The Committee should also see that no one—especially persons residing outside the Dominion—is allowed to enrich himself unduly by exploiting the country's industries. The information furnished yesterday by Mr. Myers, in reply to Mr. Skerrett's questions, as to the arrangements projected for the flotation of the proposed company, seems to indicate that instead of the syndicate taking all the risks, as suggested by Mr. Myers, they really take no risk at all, but at once pass on their full liability to the proposed company, in which the members of the syndicate and the vendors of the properties apparently receive the huge premium of £350,000 worth of fully-paid-up shares. If any such arrangement was contemplated the Committee will doubtless take steps to prevent its being carried into effect. I submit a draft of the amendments which I think should be made in the Bill, which I will put in and attach to my evidence.

3. *Mr. Myers.*] Mr. Blow, you seem from your memo. to favour nationalization of the iron industry?—I think there is much to be said in favour of nationalization.

4. Are we to understand that is your own personal view or a matter of Government policy?—All that I have said is personal.

5. You say that this business will be profitable without legislative assistance?—Without monetary assistance.

6. When you express that view are you speaking of a business which will have only New Zealand markets available for its product or of a business which will have foreign markets as well?—I have stated it would be difficult to export manufactured steelwork, but I think the company could export pig iron.

7. As to the ability of the company to export articles other than pig iron, that is a matter which requires careful going into by experts, does it not?—Yes.

8. And in that respect that would be the risk of the company which undertook this business?—Yes, if they found the trade was unremunerative they would not care to follow it up.

9. You have said that the total consumption of iron and steel in this country at the present time is about 140,000 tons per annum?—Yes.

10. That is, iron and steel of all kinds?—Yes.

11. Do you suggest that the New Zealand market for 140,000 tons of all kinds would be remunerative to a company which was establishing works in New Zealand?—I think so. I believe the Lithgow works were a commercial success, and their output is much less.

12. Do you think it would pay a company to establish works of the magnitude in New Zealand as to be capable of turning out all kinds of iron and steel if the consumption were only 140,000 tons per annum?—Not all kinds.