

13. Then it would not be profitable with a local market only to establish works to satisfy all the New Zealand demands for iron and steel?—The whole of that 140,000 tons would not be manufactured here.

14. How much?—I should say, about half of it.

15. You are not an expert in this business?—No.

16. Do you suggest that it would pay them to establish works in New Zealand which would have only a visible market to the extent of 70,000-odd tons per annum?—Yes, your syndicate only bind themselves to about 65,000 tons per annum.

17. Those are not their figures. They would not come here for an output of 65,000 tons or anything like that. If the iron industry were nationalized do you think the New Zealand Government could find foreign markets for iron and steel?—Certainly for pig iron.

18. For steel?—I do not think it would pay to export manufactured steel.

19. Do you think the Government could be reasonably expected to find £650,000 or thereabouts at the present time for the establishment of the iron and steel industry?—I do not think the Government finds any difficulty with regard to its finance.

20. Do you think the people of this country would allow the Government to borrow £650,000 for the purpose of starting a business which it has no knowledge of and being simply an experiment?—I think they would have everything properly put before them.

21. You have said in New South Wales the industry has been undertaken without State aid?—Yes.

22. Do you not know that a sum of £190,000 is being paid by the State—by the Legislature of New South Wales—during the first two years to establish this industry?—I do not know that that is correct.

23. Are you able to dispute the statement that £190,000 is being provided to develop this industry in two years?—I have seen no reference to it.

24. Was there a bounty or a subsidy given to the Lithgow people?—They got a bounty.

25. If it is suggested that a bounty of 2s. 6d. per ton was given to the Lithgow people you are not able to contradict that?—No, I know they get a bounty.

26. Do you know of the establishment of another industry to which State aid has been given, where at the end of a fixed period the whole industry and the goodwill of it has been handed over to the State without compensation?—I do not know that I do.

27. Is not, therefore, this proposal of the Ethelburga Company somewhat unique in that respect?—Yes, probably it is; but then I think we pay for it very heavily.

28. Have you looked into the Parapara lease since I made my address yesterday?—No.

29. You heard what I said yesterday with regard to that?—Yes.

30. I suppose you will agree that there is a very strong reason for saying that this is a lease in perpetuity?—It certainly is renewable for one term up to forty-two years.

31. Without expressing any opinion I suppose you will admit—being used to documents of this kind—that there is some foundation, at all events, for the argument that it is a lease in perpetuity?—I am sorry to say that I think there is some foundation for it.

32. If therefore the owners of that lease established the iron industry, and at the end of forty years surrendered their lease in perpetuity—or their lease whatever it might be—and also handed over their works and the goodwill of their business, are they not handing over something of very considerable value to the Government?—Yes, but it is hardly worth three millions, I think.

33. Now, the idea is that £32,500 is to be paid annually?—That is the total.

34. Do you not see that the Government will in all probability save a very great outlay of money yearly on its purchases of iron and steel?—I am afraid I am not very optimistic on that point.

35. Assuming that the company is able to produce iron and steel as cheaply as it can be done in England, would not the Government be saving a very considerable sum yearly on its purchases?—I grant your premises, but I do not think they are correct.

36. That is a matter for experts on costs?—It is a matter for an expert, but is also one on which a layman might hold an opinion.

37. Still, assuming what I suggest to you, and that the Government requirements during the next two years come up to, say, 35,000 tons per annum, would not the Government save at least 10s. per ton?—Except on pig iron I do not think the Government would save that.

38. That would mean a saving of £17,500 per annum?—Yes.

39. Would not that reduce very much this payment of nearly £3,000,000 that you say the State would be paying under this industry?—It would, but your figures are doubtful, whereas I think my figures are unassailable.

40. Still, can you not see that if the company is unable to turn out its iron and steel as cheaply as it can be done in England, the company must necessarily be a failure?—That is not so, because it has the handicap of fourteen thousand miles of sea freight in its favour.

41. But unless the New Zealand demand is sufficient to keep the works going profitably would not the company be a failure?—I think the New Zealand demand is sufficient to keep them going.

42. Would you mind telling me what the cost of coke is in Westport—is it £1 15s. per ton?—I do not know; it ought not to be so dear.

43. You heard Mr. Blair say to-day that the Onakaka people had made no proposals or offers to the Government?—Yes.

44. Will you please say what is the justification for your statement, which you have read out, that the Onakaka people are willing to establish works under their lease without the assistance of the Government?—At the time the Onakaka people were asking to have their lease issued that statement was made personally to me.