

3. *To Mr. Sidey.*] I am really speaking on behalf of a private syndicate. The syndicate is prepared to put down as much capital as it can afford. We do not want to exploit the public. The British and French would have been in "queer street" in the late war if they had not been able to obtain Chile nitrates. Without nitrates you cannot make explosives. The right of the State to purchase might be one of the conditions that the State might lay down. If we considered the conditions too onerous we would go no further. If the Government gave us anything like liberal conditions we would go ahead. We would expect at least 10 per cent. on our investment if it were taken over. The minimum capital required would be £200,000, and that would enable us to work 10,000 horse-power. There are other waterfalls there, and if our works were successful we would seek for further electric power. Approximately two million horse-power could be obtained from the Sounds. We only ask for about $1\frac{1}{2}$ per cent. of the total power available.

4. *To Mr. Sidey.*] The establishment of our works would not detract from Milford Sound as a scenic resort. The buildings could be put up so that they would not be unsightly in appearance. The number of hands would depend on the nature of our manufactures. The number of hands employed might vary from forty to a hundred. I think we could have the power developed in about three years. We are going to use the works for the manufacture chiefly of calcium nitrates and some nitrate of soda.

5. *To Mr. Hornsby.*] There is plenty of water-power available for the general hydro-electric scheme of treating low-grade ores at one of the Sounds; but why should we build works to treat Australian ores and neglect our own resources here—using the air and water and a little limestone in the manufacture of a fertilizer which will be for the great good of the country? All we ask is to be allowed to use a power which is now running to waste.

6. *To the Chairman.*] Our idea would be that the company would utilize the whole of the power it generated; in fact, we anticipate that we would ask for additional power the following year. I can send you a copy of my correspondence with the Minister of Public Works.

CHRISTCHURCH.

FRIDAY, 14TH FEBRUARY, 1919.

RONALD S. BADGER, Land and Estate Agent, examined. (No. 30.)

I am also interested in the importing business. I act as secretary of the Industrial Association, but I am not here in that capacity. In the line in which we are interested we are out to encourage (1) local industries, and (2) British products. I desire to bring under the notice of the Committee the position in regard to the importation of furs. At present furs from Great Britain are subject to 25 per cent. *ad valorem*, while the same furs imported direct from the country of origin cost us 25 per cent., plus $12\frac{1}{2}$ per cent. preferential. It will be obvious that Great Britain is not a fur-producing country, and hence the absurdity of the position must be manifest. It means that furs are imported from country of origin, sold by auction in London; the buyer makes them up, makes a handsome profit, exports to New Zealand, and the local importer pays 25 per cent. *ad valorem*. Untanned furs are admitted free, but the tanned unmade article has to pay the full duty, the same as made-up goods. Hence unmade furs direct from Siberia have to pay a higher duty than the same goods made up coming via Great Britain. The fact of untanned furs being imported free is of no advantage, as the tanning of furs is a specialized line, and local manufacturers who have had a few tanned here tell me that these are almost certain to be damaged in the process. That is their experience. I submit that there ought to be a considerable preference in favour of importing the unmade goods, in order to give employment to New Zealand labour. One man has informed me that if this were done he could employ probably twenty-five hands constantly. While this might entail a slight loss of duty on the made-up furs, it has to be remembered that high-grade silk, which is the main item used in making up the furs, has to be imported, and pays a heavy duty. I contend, therefore, that the unmade goods, no matter what the country of origin, should carry a duty of, say, 10 per cent., in view of the fact that practically all the furs are of foreign production. I consider that it is more to our interests to encourage the making-up of the furs here rather than to follow the present method under which the goods are sent to London, made up by cheap labour, and then sent out here, thus paying two freights instead of one and the two intermediate profits before they reach the New Zealand market.

1. *To Mr. Hornsby.*] The made-up goods, such as fur coats, ought to pay 25 per cent. The duty on foreign-made articles might be increased from $37\frac{1}{2}$ to 50 per cent. They are luxuries.

2. *To Mr. Forbes.*] New Zealand rabbit-skins are made up locally into fur coats and other goods.

JAMES B. LAURENSEN, Machinery-importer, examined. (No. 31.)

I wish to speak about the necessity of establishing the iron industry in New Zealand, of fostering industries, and of creating new ones. At the present time there is no duty on bar iron, pig iron, or any materials known as raw material in the iron trade. The Government have given no assistance in the establishment of the iron industry. It has been offered, but under conditions that could not be accepted by any one prepared to put up the necessary financial backing. In other countries they have seen the necessity of establishing the iron industry, and have offered and paid large bonuses for the establishment of it, recognizing that it is the prime mover in most of the industries in any country. Canada paid over a series of years an average