

paid into a National Industries Fund to the credit of that particular industry in question. Every five years the excess profits, if any, shall be divided in the manner described: (a) 50 per cent. of the accumulation shall be devoted to a Common Industries Fund to recoup any losses made in any other ventures undertaken by the people of New Zealand through Parliament and the Minister for Industries; (b) 25 per cent. of the same shall be placed to the credit of a sinking fund to provide for the death or extinction of the industry; (c) 25 per cent. shall be divided amongst the shareholders in this industry every five years, &c. In order that no undue calls shall be made upon the Government the Minister for Industries may call up the capital required by degrees so that only capital called up shall bear interest. In view of saving, the Minister for Industries shall call new capital for enlargements of works, plant, &c., as required. All income arising from investments in national industries shall be free of income-tax.

H. P. WASHBOURN examined.

I represent the Collingwood County Council, the Takaka County Council, the Borough of Richmond, and the Nelson Harbour Board. What is known as the Parapara iron-deposit is really only the eastern edge of a sincline or basin which extends for several miles in a southerly direction, with the ore cropping out in large masses above the surface. The sincline extends over a large area, and the quantity of ore is practically unlimited. I will take first the question as to whether the deposit can be profitably worked for iron. Of course, there are plenty of pessimists, who have no knowledge of the deposit or its facilities, or the cost of ore, flux, coal, and wages in ironworking countries. It is often said, for example, that the deposit cannot be worked on account of the high rate of wages ruling in New Zealand. Before the war, however, the rate of wages for that class of work was not very different in England from what it was here. Iron and coal workers especially were getting high wages. Also it must not be forgotten that the rate of wages in the iron districts in the United States is higher than in New Zealand. After the war wages will be higher still. For several years I closely followed the prices of iron-ore and coal in England and America. The price of coal at ironworks in those countries was not much less than that for which it could be delivered at Parapara in large quantities. There is plenty of cheap water-power in the neighbourhood readily available, and this may in the future have an important bearing on the coal-consumption. I have frequently been told that pig iron comes out as ballast free of freight. The trade journal *Ironmonger*, however, states that an expert witness before the Commonwealth Commission in 1902 said, "The freight and charges on a ton of pig iron from England to Australia are from 28s. to 30s." I would lay particular stress on the following considerations: The principal cost in making a ton of pig iron is for the ore and flux, and next for the coal. Labour is the smallest item. In England, when pig iron was from 45s. to 50s. per ton, the ore alone to make that ton cost 29s. 7d., leaving, roughly, 15s. to 20s. to cover cost of coal, labour, flux, wear-and-tear of plant, and profit. At Parapara it would stand thus: Ore, 6s.; coal, labour, &c., 44s. Herein lies the immense advantage over other iron-producers—the low cost of the ore far more than compensating for any possible extra cost of coal, labour, &c. I have put Parapara ore at 6s. per ton of pig iron. This includes the royalty, and also, to be on the safe side, I have put the estimate high. Mr. John Bassett, who has had many years' experience as a railway contractor and as mine-manager, offered to contract to break, load into trucks, and deliver the ore in any quantity anywhere up to two miles distant at 1s. 3d. per ton of ore, and limestone at 10d. (It takes rather over 2 tons of ore to make a ton of pig iron.) The Spanish ore, which is similar to that at Parapara, but of slightly inferior quality, was largely imported into England. In 1901–3 Great Britain imported from Spain 5,550,000 to 6,440,000 tons of ore, valued at £4,550,000 to £4,980,000. Delivered at Swansea the price varied from 15s. to 17s. 6d., never falling below 15s. With regard to the quality of Parapara ore, I see that in the evidence given in Wellington it was stated that Dr. Bell's assays gave 48 per cent. metallic iron. This is either an error or a misprint. Dr. Bell's assays gave 51·79 per cent (see also Appendix A). Mr. Reed's sample was obtained by Mr. Bishop by taking a vertical section from the wall of a drive, and included clay, &c., lying between the iron blocks. The assay from this gave (including the clay, &c.) 48 per cent. For the assay to have any value it should have been stated how the sample was obtained. Dr. Bell's analyses of the ore are the most reliable that have been made in New Zealand from the way his samples were procured. For his principal assays each sample was the average of 100 separate pieces taken from different blocks of ironstone. As it is impossible for any one to pick one piece as an average, this is the only way of obtaining a fair analysis of the ore.

Let me quote from the report made for the New Zealand Government in 1895 on a ton of Parapara ore sent to England to be tested. The analysis of the New Zealand ore showed 53·38 per cent. metallic iron, with a trace of gold, a trace of sulphur, and a trace of phosphorus. A sample of Northampton ore gave 51·88 per cent. iron, with a trace of sulphur and 3·17 per cent. of phosphorus; a second one gave iron 53·2 per cent., phosphorus 1·03 per cent. The report then states that "The New Zealand ore is decidedly superior to the Northampton ore represented by the above analysis on account of its freedom from phosphorus." Of the limestone sent from Parapara at the same time the report says, "It thus appears that this limestone is a very pure carbonate of lime, the impurities amounting at most to less than 2 per cent. A special examination for phosphorus was made with negative result." These reports relate to the iron-ore and limestone for flux that can be obtained at Parapara for 1s. 3d. and 10d. per ton respectively.

As recommendations I would suggest that the lease should be at once cancelled, and the ground be open to any one showing the pecuniary ability to work the ore, and on paying down a substantial deposit; that it should be made widely known that the lease was open, and the conditions on which it would be granted; that the New Zealand Government should get the