

1900.

NEW ZEALAND.

## NEW ZEALAND IRONSAND:

FURTHER CORRESPONDENCE BETWEEN THE GOVERNMENT AND THE ESTEVE STEEL COMPANY.

[In continuation of H.-45, 1899.]

*Presented to the House of Representatives by Leave.*

## No. 1.

MEMORANDUM for the AGENT-GENERAL FOR NEW ZEALAND, London.

Premier's Office, Wellington, 31st July, 1899.

REFERRING to memorandum, No. 1257, of the 9th of June last, transmitting copy of a letter dated the 5th of the same month from the secretary to the Esteve Steel Company, furnishing information as to the results obtained from the sample of Taranaki ironsand which was sent to the company last year, I shall be obliged by your ascertaining the cost of the experiments, furnace, &c., as well as the terms and conditions of the agreement which are referred to in the last paragraph of the letter from the secretary to the company.

R. J. SEDDON,

The Agent-General for New Zealand, London.

Premier.

## No. 2.

MEMORANDUM from the AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,  
17th October, 1899.

REFERRING to my memorandum, No. 1930, of the 25th August last, I beg herewith to transmit copy of correspondence with the Esteve Steel Company with respect to experiments which the company propose to make with New Zealand ironsand, and the terms of the agreement by which, in case the experiments were successful, the Government would acquire the processes in New Zealand. The company estimate that the cost of the necessary experiments would be about £1,000. Any such expenditure would, of course, be under the Government's control, and could be discontinued in case the expert watching the experiments on behalf of the Government considered it unnecessary to proceed with them.

As regards the agreement under which the Government would acquire the right of the processes for New Zealand, the company represent that as the experiments would disclose them to the Government the agreement must provide for the purchase of the processes, provided the experiments are successful. The company therefore require that in case high-class tool-steel is proved to be producible from New Zealand ironsand as good and as cheap as Sheffield crucible steel the Government must purchase the process, and they fix the purchase-money at £25,000. Again, the company required that if it is proved that steel is producible from the sand as good and as cheap as ordinary Siemens steel the process must be purchased by the Government, and the price they ask is the payment of £40,000 cash and of the royalties indicated in the company's letter of the 16th instant.

As it was possible that the Government might wish to take initiatory steps in the matter before Parliament prorogued, a cablegram giving the substance of the company's proposals was transmitted to you yesterday.

WALTER KENNAWAY

The Hon. the Premier.

(For the Agent-General for New Zealand).

## Enclosure 1 in No. 2.

SIR,—

13, Victoria Street, 9th August, 1899.

Referring to your letter of the 5th June last, in which you state that if the New Zealand Government is disposed to bear the expense of carrying on some practical experiments on the agglomeration of the New Zealand ironsand, and on the making in a Siemens-Martin furnace of tool-steel and soft steel, both from the sand as conglomerated and from the sand in its natural state, by the Esteve process, the New Zealand Government in considering the proposal desire to know what would be the probable expense of the experiments.

If you will kindly furnish this information the Agent-General will at once forward it to his Government by cable.

Herbert Mott, Esq., Secretary, Esteve Steel Company,  
133, Cannon Street, E.C.

I am, &amp;c.,

WALTER KENNAWAY.

## Enclosure 2 in No. 2.

DEAR SIR,—

188, Fleet Street, E.C., 11th August, 1899.

I am in receipt of your letter of the 9th instant, and will lay it before my directors in due course, but as they are now absent in various parts it may be some days before I can send you a reply giving the particulars asked for.

Yours, &amp;c.,

HERBERT MOTT,

Secretary, Esteve Steel Company.

Walter Kennaway, Esq.

## Enclosure 3 in No. 2.

DEAR SIR,—

13, Victoria Street, S.W., 3rd October, 1899.

Referring to your letter of the 11th August last, I shall be glad to know when you will be able to supply the information for which I asked in my letter of the 9th of that month.

I am, &amp;c.,

WALTER KENNAWAY.

Herbert Mott, Esq.

## Enclosure 4 in No. 2.

(Memorandum.)

13, Victoria Street, S.W., 6th October, 1899.

DIRECTOR of the Esteve Steel Company called with reference to the inquiry by the Government. He said that his company had closed their own experimental furnace, but that he could, no doubt, arrange with some works at which the process could be conducted, and he would propose that the material be tested by Kirkaldy. He would write to that effect; also give approximate terms of agreement by which New Zealand Government could acquire the processes.

W. KENNAWAY.

## Enclosure 5 in No. 2.

DEAR SIR,—

188, Fleet Street, London, E.C., 16th October, 1899.

With reference to your letter of the 9th of August, and to Mr. G. Parker Ness's communication with Mr. Kennaway on the 6th instant: When first the subject of utilising New Zealand black sand by this company for making steel was mooted we were in a position to make experiments with the same in a small factory set up in Paris for experiments in connection with our original process, but this factory is no longer at our disposal. It was there that we made in crucibles direct from your sand, and at a less cost than that of crucible steel generally, the tool-steel, a sample of which was handed to you for transmission to New Zealand; and it was there also where other experiments with your sand were made which induced the belief on the part of the inventor of our process that all kinds of steel—tool-steels and mild steels—could be made from your sand at the price of ordinary Siemens steel.

To continue these experiments arrangements would now have to be made with some steel-factory owner in Britain. The cost of such experiments it is not easy to estimate, but the inventor thinks they might be done for about £1,000. If for this end your Government is disposed to spend up to that amount we shall be very pleased to undertake the necessary arrangements, acting, if you like, in conjunction with Mr. Kirkaldy on your behalf, or some other approved expert, in whose presence the trials would be conducted, and by whom or by you the expenditure may be controlled. We have still fifteen to sixteen tons of the New Zealand sand your Government sent us which can be used for the experiments, and which, for the moment at any rate, would be sufficient for the purpose.

On the subject of the terms of a preliminary agreement of purchase by your Government: If we should be able to prove that high-class tool-steel can be made from your sand in crucible at a price not exceeding that at which similar steel made in the crucible is now produced, it will be agreed that you will acquire the rights for such process, so far as New Zealand is concerned, for the sum of £25,000.

If the experiments should show that New Zealand black sand can be converted into steel equal to the ordinary steel made in a Siemens furnace at a price not exceeding the usual price of such steel (irrespective of the economy that would be effected by the substitution of black sand for ordinary pig), the process for New Zealand shall be purchased by your Government for £40,000 in cash and a royalty for twenty-one years, varying in amount according to the quality of the steel

made, it being understood, however, that such royalties shall not be less than £5,000 per annum during the first seven years, £7,500 per annum during the second seven years, and £10,000 per annum during the remaining seven years, and that these royalties may be commuted for a fixed payment to be agreed on. The acquisition on these terms of a process for utilising New Zealand sand in the making of steel shall include the patent rights for New Zealand of our original process, by which, amongst other things, we have already proved: (1) According to the reports of Messrs. D. Kirkaldy and Sons and others, that tool-steel usually sold for about £50 per ton in bars can be made in a Siemens furnace from Swedish or ordinary hæmatite at the cost of ordinary open hearth furnace steel; and (2) that gun-steel equal to the British Government requirements can in the same way be produced by our process from ordinary hæmatite instead of Swedish iron, effecting a saving of about £4 per ton (see Woolwich Arsenal tests).

I remain, &c.,

HERBERT MOTT,  
Secretary, Esteve Steel Company (Limited).

The Agent-General for New Zealand.

### No. 3.

MEMORANDUM for the AGENT-GENERAL FOR NEW ZEALAND, London.

Premier's Office, Wellington, 19th December, 1899.

I HAVE to acknowledge the receipt of your memorandum, No. 2407, of the 17th October last, transmitting copies of further correspondence with the Esteve Steel Company with respect to experiments which the company propose to make with New Zealand ironsand, and the terms of the agreement by which, in case the experiments were successful, the Government would acquire the process in New Zealand.

In reply, I have to state that the Government is unable to accept the terms of the company as stated in the correspondence, and I shall be obliged by your communicating this decision to the company.

R. J. SEDDON,

Premier.

The Agent-General for New Zealand, London.

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