1919.

NEW ZEALAND.

NAURU AND OTHER PHOSPHATE ISLANDS IN THE PACIFIC

(REPORT ON).

Laid on the Table of the House of Representatives by Leave.

The PRESIDENT OF THE BOARD OF AGRICULTURE to the Right Hon. the PRIME MINISTER.

DEAR SIR,— Board of Agriculture, Wellington, 4th September, 1919.

The Board of Agriculture since its first meeting has been greatly impressed with the necessity of an assured and cheap supply of phosphates for New Zealand, especially so in the future, as the demand for phosphates all over the world is increasing to a very large extent. Every nation of the world is on the outlook for a supply of the raw material. The British Empire is not well supplied, and therefore it is in the interest of the Dominion that a supply for future use should be secured. In order to ascertain whether it was possible to secure other supplies of phosphate the Board requested you to ask Mr. Aston, Agricultural Chemist, to make a report, which he did after careful investigation in other countries. This confidential report on the phosphate-supplies from different parts of the world, which was sent to you in 1915, is a most valuable one.

The history of the Island of Nauru is a romantic one, but it is outside a report of this nature to speak of it in that direction. The island was occupied by the Germans, and the right to mine for minerals was granted to the German Jaluit Company. This right, however, was never exercised, and it remained for an Englishman, Mr. A. F. Ellis, to ascertain by careful inspection that the island was rich in both alluvial and rock phosphate. His company, the Pacific Islands Company (subsequently the Pacific Phosphate Company), purchased the right to mine for minerals from the Jaluit Company for ninety-nine years—of which nineteen years have run—and a certain number of shares were allocated to German interests. The Pacific Islands Company at the same time secured the right to mine phosphates on Ocean Island from the British Government, one of the terms being that "at least two-thirds of the directors of the company must be British subjects." The company had a considerable number of trading-stations in the islands that were under German control, which the Germans were anxious to secure, and it was one of the inducements of the German authorities to give the English company the mining rights on Nauru Island in exchange for these.

Nauru Island, which is more fully described in the report attached, is close to the Equator. Various estimates have been made of the quantity of phosphates it contains. Mr. Danvers Power, F.G.S., a noted mining engineer, who has written a report upon the phosphate islands of the Pacific generally, estimated the total quantity of phosphates available on the island at 42,000,000 tons. We feel sure that this estimate is a very conservative one, as Mr. Power himself said that there was no reason why it should not be largely increased, because at the time at his disposal he was only able to do a limited amount of prospecting. Information obtained from a very valuable source by the Board indicates that it might be reasonably assumed that anything from 80,000,000 to 100,000,000 tons are available, and possibly more. The quality of the phosphate is of the highest grade (85 to 86 per cent.), and it was stated in evidence that this island was the largest known quantity of high-grade phosphate in the world.

The Pacific Phosphate Company, as has been stated, have the mining rights for Ocean Island, and hold an interest in a French company which works the Makatea Island phosphate deposits. These two islands and Christmas Island may be expected to be worked out within the present generation. The phosphate on Nauru Island has much less rock than the others mentioned, and it is therefore more easily mined. The shipping conditions, too, seem to be more favourable, although the weather at times does interfere with loading operations.

It may safely be said, therefore, that Nauru Island is the richest and best of the known phosphate islands of the world.

The present output of the island has been somewhat interfered with by the war, but the average yearly production is now in the neighbourhood of 150,000 tons. With the present appliances this might be raised to 200,000 tons per annum. The customers for this supply have in the past been mainly Great Britain, Australia, California, and Japan. In Australia the ports