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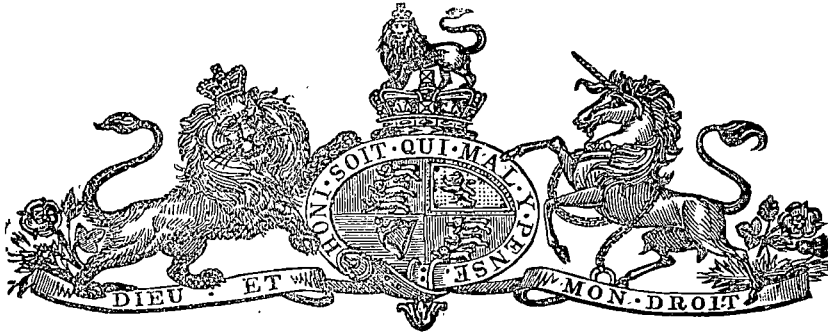
1893.

PARLIAMENT OF TASMANIA.

MOUNT LYELL COMPANY'S LEASES
(PRIVATE) BILL :

REPORT OF SELECT COMMITTEE, WITH MINUTES OF
PROCEEDINGS AND EVIDENCE.

Brought up by Mr. Clark, August 3, 1893, and ordered by the House of
Assembly to be printed.



*SELECT COMMITTEE appointed, on the 2nd August, 1893, to report upon
the Mount Lyell Company's Leasing Bill (Private).*

MEMBERS OF THE COMMITTEE.

MR. DAVIES
MR. BENNETT.
MR. MULCAHY.

MR. SIDEBOTTOM.
MR. INGLIS CLARK. (*Mover.*)

DAY OF MEETING.

Thursday, 3rd August.

WITNESSES EXAMINED.

Mr. Francis Belstead, Secretary of Mines; Mr. Alexander Montgomery, Inspector of Mines and Government Geologist.

MINUTES OF PROCEEDINGS.

THURSDAY, AUGUST 3, 1893.

THE Committee met at 11 A.M.

Present—Mr. Davies, Mr. Bennett, Mr. Mulcahy, Mr. Inglis Clark.

Mr. Inglis Clark was voted to the Chair.

The Chairman laid upon the Table (*a*) the Petition for leave to introduce the Bill; (*b*) Mr. Peters' Report on the property of the Mount Lyell Mining and Railway Company.

Resolved, That the Petitioners be heard by Counsel.

Counsel (Mr. E. H. Butler) addressed the Committee in support of the Preamble of the Bill.

Mr. Francis Belstead, Secretary of Mines, was called in and examined.

Mr. Belstead withdrew.

Mr. Alexander Montgomery, Inspector of Mines and Geological Surveyor, was called in and examined.

Mr. Montgomery withdrew.

Counsel (Mr. E. H. Butler) again addressed the Committee and withdrew.

The Committee entered into consideration of the Bill.

Preamble considered and agreed to.

Clauses 1 to 6 read and agreed to.

Clause 7 read.

Mr. Mulcahy moved the following Amendment, which was negatived:—That the words "applied for by the Company under the existing law" be inserted after the word "land" in line 3.

Clauses 8 and 9 read and agreed to.

Clause 10 read, amended by the addition of the following proviso (*Mr. Davies*):—

“Provided always, that the provisions in “The Gold Fields Regulation Act, 1880,” or any Amendment thereof, as to the amalgamation of claims held under lease, shall not apply to any lease held by the Company, but the whole of the land included in any lease or leases to be granted under the authority of this Act shall be considered as amalgamated into and forming one claim.

Clause 10, as amended, agreed to.

Schedules 1 and 2 read and agreed to.

The draft Report was read and agreed to.

The Chairman was directed to present the Report to the House at its next sitting.

The Committee adjourned *sine die*.

REPORT.

YOUR Committee, having taken evidence in support of the allegations contained in the Preamble of the Bill, have the honour to report that the said Preamble has been proved to their satisfaction.

Your Committee having agreed that the Preamble should stand part of the Bill, then entered upon the consideration of the several clauses of the Bill.

Your Committee have the honour to recommend the following Amendments:—

Clause 9. Elimination of the word “Three,” and the insertion of “Five” in lieu thereof.

Clause 10. Addition of the following proviso:—

“Provided always, that the provisions in “The Gold Fields Regulation Act, 1880,” or any Amendment thereof, as to amalgamation of claims held under lease, shall not apply to any leases held by the Company, but the whole of the land included in any lease or leases to be granted under the authority of this Act shall be considered as amalgamated into and forming one claim.”

With these Amendments, your Committee would recommend the Bill to the favourable consideration of your Honorable House.

A. INGLIS CLARK, *Chairman*.

Committee Room, 3rd August, 1893.

EVIDENCE.

FRANCIS BELSTEAD, *called and examined*.

1. *By Mr. Butler*.—What is your name? Francis Belstead.
2. You are Secretary of Mines? Yes.
3. Have you read the Bill to authorise the issue of special leases to the Mount Lyell Mining and Railway Company? Yes.
4. Do you see any objection to granting those special leases? No; on the contrary, I think it would be extremely desirable to grant them.
5. Will you kindly explain to the Committee the reasons which justify that view? My principal reason is that a large amount of capital will of necessity be required by the Company to construct their railway and reducing works, and from my knowledge of the working of the mining industry I know that foreign investors do not like lending their money on the short tenures that our laws at present provide for.
6. Under this Act it is proposed to give the Company power to work their land for all kinds of minerals. Can you advance any reasons in support of this proposition? I think it is absolutely necessary that any company attempting to work that land should have the right to work all minerals, inasmuch as it is impossible for them to work for one mineral without winning others, the minerals and metals being all so intimately associated there.
7. Do you think it advisable to have one special lease, as is proposed here, or to have different leases under the Goldfields Regulations and Mineral Lands Act? I most decidedly think it is better to have one special lease?
8. What are your reasons for holding that opinion? There are many reasons. For example, the labour covenants under the Goldfields Regulation Acts and Mineral Lands Acts are different, and the areas

that can be taken up, and the tenures of the leases, or the terms for which they are granted, are different. It would also be generally more convenient for one lease to be granted, empowering the Company to work everything in the land. It would facilitate the working of the Company enormously, and I can see no reason against it.

9. The rental mentioned in the lease is 25s. per acre, or £1 per acre under the Goldfields Regulations, and 5s. per acre under the Mineral Lands Act: do you think that that is a fair amount to ask from the Company? I think it is fair. The Company requires a good many additional privileges, and I see no reason why it should not pay for them. If they held the land under separate leases they would have to pay £1 per acre under the Goldfields Regulation Act and 5s. per acre under the Mineral Lands Act.

10. In addition to the advantages that would accrue to the Company from getting a special lease of this kind, do you think that any advantages would be derived by the country generally? Yes, enormous advantages. The successful working of this Company would entail advantages to the country the extent of which it is impossible to foresee at present.

11. Can you name some of those advantages? Of course I base what I say, as to the prospects before the mine, mainly upon the reports of persons competent to judge, as Dr. Peters and others. If this Company obtains this special lease, and do all they say they intend to do, it will at once double the whole mineral export from the country. Again, there will be a large amount of labour employed, and a centre of population established where other industries will be carried on, such as the getting of the flux, and the importation of coke, and a great impetus will be given to business generally. It will also induce more leases to be taken up, and lead on to other discoveries. It is contemplated by the Company to construct a railway, which will go some 25 miles through hitherto unapproachable country; it will give access to a district that everyone qualified to judge says abounds in minerals, and thus lead to further discoveries. These are just a few among many of the advantages that will accrue to the country from the successful working of the mine.

12. There is a schedule of leases at the end of this Bill: can you state whether those are leases held by the Mount Lyell Company? Yes, they are. I have checked them. In addition to those I think they will hold some two or three more which are in the application stage and are not leases at present.

13. Those are leases included under Section 7 of the Bill? Yes.

14. At present the country surrounding the Mount Lyell mine has been withdrawn from selection? Yes, about 2000 acres of it.

15. I believe this country is to be opened again? Yes, it was temporarily withdrawn to prevent the Company from being harassed by speculators.

16. I suppose some leases have been held under the present law for 30 years,—I mean by renewal? No, I don't think so.

17. Have they been held for 20 years, then? No, there have been very few renewals. Under the Goldfields Regulations a good many leases have been renewed, because they have only a 10 years' currency.

18. What about the Mount Bischoff Company? They hold mineral leases. One was lately renewed. Mining has not been long enough in existence in this Colony to allow of many renewals.

19. Of course the Mount Bischoff Company's term of lease now amounts to 42 years? Yes; 21 years expired, and a renewed term of 21 years to run.

20. This Bill will not give the Mount Lyell Company any more than it is possible to get under the present law, will it? No. It will only make its position certain. At present all lessees have a statutory right of renewal.

21. This Bill does not make possible what is impossible under the present law, does it? No, not at all. It only places the position of the Company beyond doubt.

22. *By Mr. Mulcahy.*—Is the land that is withdrawn from selection contiguous to the Mount Lyell Company's lease? Yes.

23. And the land at present applied for? Yes.

24. Is it usual to withdraw land in this way? We have done it in one case.

25. What case is that? In the case of some hydraulic operations in the vicinity of Beaconsfield. Within the last week or two we withdrew 1000 acres from selection there.

26. It is withdrawn in the interests of the Company? Yes.

27. In what way do you think the Company could be harassed? People would take up residence areas, and possibly mark off claims and so forth, without any particular intention of working them, or doing anything with them. We know that the operations of this Company will cause a lot of sulphur to be given off, rendering the place objectionable to live in, and if rights are acquired before the Company has decided where to put its works, those who might have acquired those rights would come down on the Company for compensation and all that kind of thing. It was therefore thought better, in view of the magnitude of the operations proposed, to protect the Company for some little time.

28. Will it give the Mount Lyell Company any advantage over other people in taking up the land? No, because the land is withdrawn from the Mount Lyell Company as well as from others. The land is absolutely withdrawn from the operations of the Act, and the Company have no advantage in regard to selecting it over anyone else. The object of withdrawing the land from selection was to prevent other people from acquiring rights which would embarrass the Company.

29. *By Mr. Butler.*—I wish this to be thoroughly understood. Have the Company any right to take up any adjoining land more than anybody else? None whatever. They have no superior right to anyone else.

ALEXANDER MONTGOMERY, *called and examined.*

30. *By Mr. Butler.*—What is your name? Alexander Montgomery. I am Geological Surveyor in the Mines Department of the Colony.

31. Have you read the Bill now before the Committee? Yes.

32. Do you think it would be advisable to grant this special lease for 30 years? I think it would be advisable for many reasons.

33. You have visited Mount Lyell and reported upon the mine? Yes.

34. Do you consider the ore such that it requires working under one lease? I think it requires to be mined under one lease rather than under two, for this reason—part of the surface of the deposit is really gold ore, and under the present laws would require to be worked under the Goldfields Regulations, as it averages about one ounce to the ton. Lower down the ore changes to a mixture of copper pyrites and iron pyrites, containing only a small proportion of gold, and it would not be possible to work it for gold alone. The main value of the deposit in the lower portions of the mine is in copper, and the silver and gold contained in the ore are quite subordinate in value. The lower portions of the deposit, therefore, would have to be worked under the Mineral Lands Act, and the top of it under the Goldfields Regulations. It would therefore be advisable to have one lease combining both the mineral and gold licences.

35. Can you state any further reasons why the leases should be combined? Yes; the condition of working gold and mineral leases, in regard to the labour clauses are different. The terms, rent, and area of a mineral lease are also different from those of a gold lease.

36. Is there gold in the copper pyrites in the lower portions of the mine? Yes, there is gold in all of it.

37. And that gold would not come under the operations of a mineral lease? No.

38. What is your opinion as to the rental that it is proposed to charge? I think that the proposed rental is a very fair one, taking everything into consideration. The Company gets, if the Bill is passed, one concession that other lessees do not get, and that is a lease for 30 years without the rent being raised. Under an ordinary gold lease the lessee is liable to have the rent raised at the end of 10 years; and this Company therefore gets three of the ordinary terms of lease at the minimum rent, instead of having it raised possibly twice.

39. *By Mr. Mulcahy.*—How long can it go on? I understood always that a Company having a lease could go on for ever if they kept paying the rent, and every ten years they would be liable to have the rent raised; it is not compulsory to raise it.

40. *By Mr. Butler.*—As a matter of fact, if the Company pay £1 5s. per acre would not they be paying a larger rent than if they worked their land for minerals under the Mineral lands Act? Yes.

41. And gold is not the chief product of the Mt. Lyell mine? No; copper will be the chief product of the mine.

42. So that they will really be paying a gold lease for a copper mine? They will pay the gold and mineral lease rate both for the copper mine, with the privilege of taking out gold in addition to the copper.

43. What is the class of ore in the mine? The ore is principally copper and iron pyrites.

44. Is it a mine that will have to be worked on a large or small scale? It will have to be worked on a very large scale. If it is worked on a small scale there will be no profit in it.

45. Will it take a long time to get the mine into thorough working order? Under ordinary circumstances it takes longer to recover the capital invested in a low grade mine than in a high grade one.

46. Is that a reason why a longer term of lease should be granted? Yes, I think the Company should have such a term of lease as will ensure not only interest on their money but their principal back.

47. What will be the probable expenditure before the works become reproductive? I think it is likely that the railway will cost not less than £200,000, and the reducing plant not less than from £100,000 to £120,000. The company will have to spend not less than £300,000 before they get sixpence back.

48. *By the Chairman.*—Is the Railway as much a necessity as the reducing plant? Yes, quite as much. The mine cannot be worked without it.

49. *By Mr. Butler.*—Would it be of advantage in floating the Company in England if they had a long term of lease? It would be a great advantage. One of the chief complaints that English capitalists make against colonial investments is the shortness of the tenure. They do not think our short leases are long enough to enable them to get back their money.

50. Do you think that any advantages would accrue to the Colony generally if this Bill were passed and the Company floated? Yes. To begin with, the Company would have to spend a large sum of money on their railway and works, and give employment to a large amount of labour. Again, if they work on the scale proposed, their probable output would be something like 10,000 tons of copper a year, which will mean, with the gold and silver, a value of £500,000 or £600,000 per annum,—quite as much as the present mineral output of the whole of the rest of the Colony. Once the works were established at Mount Lyell there would be an opportunity for other companies to work in the neighbourhood with a very much smaller capital by making arrangements with the Mount Lyell Company to smelt at their works. It is not by any means likely that the Mount Lyell Company have the whole of the copper-bearing ore in the vicinity. On the line running from Mount Lyell to Mount Reid there are other deposits of auriferous copper pyrites, and others near the Pieman. All these deposits can be worked with a small capital if the ore is smelted at the Mount Lyell works, which, I think, would be quite possible. The ore at Mount Lyell will require a large quantity of silicious flux,—in fact it would pay them to put in the silicious copper, silver, or gold ores. These are ores that the present smelting establishments do not like at all, but

at Mount Lyell these are the very things they would want. The establishment of smelting works at Mount Lyell would therefore lead to a great extension in the working of silicious ores, both at Mount Lyell and in the country beyond. From the general lie of the country, I think that a line to Mt. Lyell would be a better way into the interior of the country than a line from Zeehan. The country between Zeehan and Mount Tyndall is very rough, and a line through there to the Lake Country would have to be a very costly affair. The Mount Lyell line would give a practicable inlet into the interior of the country, and would permit of extension up to the back of Mount Reid and Mount Dundas and into the slopes of the Eldon Range, where there are known to be coal measures, and where coal has been discovered in two or three places. It is thus quite likely that a comparatively short extension of the Mount Lyell mine will open up copper deposits which cannot be worked at present, and also tap considerable coal fields.

51. Do you think the fact of their not having a long lease would affect the flotation of the Company? Yes, I think it would.

52. When this Company get to work, do you think there is any chance of a trade being opened in sulphur? There is a great deal more sulphur in the Mount Lyell ore than is likely to be utilized, as it runs from 45 to 49 per cent. It is one of the best sulphur ores in the world, and is only equalled by that from the Rio Tinto Mine. It is quite possible to send a great deal of sulphur ore to the Old Country for the making of sulphuric acid. In course of time the sulphur must be utilised at Mount Lyell for making sulphuric acid; and this again will lead to the establishment of other industries, notably the manufacturing of bone manures. Having cheap sulphuric acid, they would be able to make bone manures cheaper at Mount Lyell than they could anywhere else in the Australian Colonies. Sulphuric acid is at present mostly imported from Europe, and is such a dangerous cargo that it is very costly. It costs here from £10 to £14 a ton, where in England it costs £4. Thus a very important industry might be started in the manufacture of the superphosphates. Nearly all the chemical industries use sulphuric acid largely, and so having the crude material upon the ground there would be the most favourable conditions for starting these industries at Mount Lyell, which may, perhaps, make Tasmania one of the greatest manufacturing countries in the Southern Hemisphere. The ore is worth from £1 to £1 16s. a ton for sulphur alone. I think it is practicable to send a limited amount as ballast to the Old Country.

53. *By the Chairman.*—Would there be any trade in making the ordinary brimstone? I think not; there is not enough of it used.

54. *By Mr. Butler.*—What is your opinion as to the advisability or otherwise of offering every encouragement to the Mount Lyell Company? I think that every encouragement ought to be offered to them. It is an especially large concern and requires enormous capital, and the Government of the Colony should meet them in every way that it fairly can.

55. In giving expression to that view, are you considering the interests of the Colony as well as the interests of the Company? I am considering the interests of the Colony entirely, without considering the interests of the Company at all.

56. *By Mr. Mulcahy.*—Dr. Peters has stated that any one of the three mineral products, either silver, copper, or gold, is sufficient to pay in itself. Is that your opinion? Hardly so. The average quantity of gold is $2\frac{1}{2}$ dwts. a ton, equal to about 9s., and I hardly think that that would cover the expenses. Neither would the silver alone pay.

57. *By the Chairman.*—Are there not claims which pay with as low a yield? Yes, but under different circumstances. The gold and silver at Mount Lyell will pretty nearly meet all expenses, leaving the copper as profit. The copper alone ought to more than pay expenses.

58. *By Mr. Mulcahy.*—Under the circumstances do you think 25s. an acre an unreasonable rent? No.

59. Do you think they should be exempted from any conditions as to the renewal of the lease? I think in view of the very large amount of capital that they risk that this concession might be very fairly given them. There is a certain amount of risk in all mining ventures, and they are going to risk £300,000.

60. I suppose you think they have a good property? I will be disappointed if they do not make 50 per cent. on their capital; more probably they will make 100 per cent. The advantages that the Colony will derive will be so great that the rent will be quite infinitesimal compared with them.