

In preparing these estimates, each grade of workman has been allotted a wage rate varying according to the type of work and skill demanded with a minimum earning of 19/- per day and an average earnings for all types of workmen of about £6 per week. These rates are in accordance with present standards but are higher than for corresponding services in other countries.

The costs at which materials are charged into the plant, are given in the estimates and are in accord with present prices where such information is available.

The estimated manufacturing costs for the different types of product are summarised below and details of the estimates and the necessary labour forces, are appended herewith:—

Summary of Estimates of Manufacturing Costs.

Basis: Coking Coal delivered Coke Plant, 25s. 9d. per ton.

Iron Ore delivered Blast Furnace, 4s. 4d. per ton.

Product.					Tonnage per Year.	Estimated Cost per Ton.		
						£	s.	d.
Furnace Coke	..	..	..	..	120,000 tons	1	19	8
Pig Iron—Basic	..	..	..	..	120,000 „	3	3	3
Ingots—								
Basic Bessemer (B.B.)	..	..	..	..	83,850 „	4	3	6
Open Hearth (O.H.)	..	..	..	..	47,550 „	4	19	9
Rolled Products:—								
Rails (O.H.)	..	..	..	..	11,000 tons	6	12	6
Blooms and Billets (O.H.)	..	..	..	..	2,000 „	6	8	6
Sections—								
4" to 8" (O.H.)	..	..	..	..	2,500 „	6	16	0
2" to 4" (O.H.)	..	..	..	..	19,000 „	8	0	0
Merchant Bar (O.H. and B.B.)	..	..	..	..	28,500 „	7	6	0
Wire—								
Hard drawn	..	..	..	..	3,500 „	10	6	0
Annealed	..	..	..	..	500 „	11	8	6
Galvanised	..	..	..	..	8,000 „	12	15	0
Barbed ..	..	..	..	..	3,000 „	14	5	0
Sheets—								
Galvanised, Plain and Corrugated	..	..	..	..	23,500 „	13	10	0
CR/CA Common quality	..	..	..	..	2,500 „	12	13	0
Total Steel Products					101,000 tons			

In addition to the steel products of the proposed rolling programme, by-products will be recovered from the coke oven gas, and saleable slags and fertilizers will be produced at the blast furnaces and steel works. The blast furnace gas and coke oven gas will be cleaned and used for heating purposes within the works and to supply the township with gas.

The estimated quantities of by-products are as follows:—

Tar for road-making purposes	..	..	..	..	1,200,000 gallons.
Motor Spirit—high quality	..	..	..	..	360,000 „
Sulphate of Ammonia—fertilizer	..	..	..	..	1,875 tons.
Coke Breeze	..	..	..	..	6,000 „
Basic Slag Fertilizer—					
Highest grade	..	..	..	..	16,750 „
Medium	..	..	..	..	4,750 „
Blast Furnace Slag (roads)	..	..	..	..	60,000 „

Credit for the value of these by-products and slags has been taken in arriving at the manufacturing costs in the various departments in which they are produced.

ESTIMATES OF EARNINGS.

The estimates of earnings are based on the above estimated manufacturing costs as compared with current prices of the various types of imported steel (c.i.f. and c.) at New Zealand ports. These prices have been ascertained by the officers of your Commission and the values taken are conservative, being either for Australian or British products, whichever is the lower in price.

The gross earnings are estimated at £744,000 per year. From this must be deducted the cost of the Dock Dues at Onekaka, freight to various New Zealand ports, and the cost of administration in the central office of the Commission. No deduction should be made for Sales Expense, Warehousing of Stocks, or Distribution to the individual purchaser as at this stage no decision has been made on the method of marketing to be adopted. For the purpose of this Report, it is understood that marketing will be carried out by the existing distributors' organizations.