

1892.  
NEW ZEALAND.

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**MANUFACTURES AND INDUSTRIES COMMITTEE**  
(REPORT OF THE, TOGETHER WITH MINUTES OF EVIDENCE).

*Report brought up 6th October, 1892, and ordered to be printed.*

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ORDERS OF REFERENCE.

*Extracts from the Journals of the House of Representatives.*

FRIDAY, THE 15TH DAY OF JULY, 1892.

*Ordered*, "That a Select Committee be appointed to consider how the manufactures and industries of the colony may be encouraged. The Committee to consist of Mr. Buckland, Mr. Duncan, Hon. Sir John Hall, Mr. Lawry, Hon. Mr. Mitchelson, Mr. O'Connor, Mr. Pinkerton, Mr. E. M. Smith, Mr. Tanner, and the mover; with power to call for persons and papers; three to be a quorum; and to report within a month."—(Hon. Mr. REEVES.)

FRIDAY, THE 22ND DAY OF JULY, 1892.

*Ordered*, "That the petition of Edward Smyth and others be referred to the Manufactures and Industries Committee."—(Mr. T. THOMPSON.)

TUESDAY, THE 26TH DAY OF JULY, 1892.

*Ordered*, "That the petition of Thomas Skelton and others be referred to the Manufactures and Industries Committee."—(Mr. SHERA.)

THURSDAY, THE 18TH DAY OF AUGUST, 1892.

*Ordered*, "That the petition of R. Dawson and others, of Alexandra, be referred to the Manufactures and Industries Committee."—(Mr. C. H. MILLS.)

**REPORT.**

YOUR Committee have the honour to report having received numerous communications, and have also obtained the evidence upon several subjects which is annexed to this report. To deal in a satisfactory manner with the various subjects brought under consideration would require much more time and minute investigation than is at the disposal of your Committee. The development of our manufactures and industrial pursuits would properly form a subject for the continued attention of Parliamentary Committees, regularly brought into operation at the commencement of each session; thus the work of one sessional Committee could be revised and added to by its successor.

Upon the appointment of the Agricultural and Pastoral Industries Committee, your Committee transferred to it papers received and evidence taken upon the fruit and dairy industries.

Notes and suggestions are offered upon some subjects indicated in the list marked A. List B enumerates subjects of inquiry which have not advanced beyond receiving preliminary evidence or correspondence.

Subjects considered by the Manufactures and Industries Committee to the 4th October, 1892:—

*A.—Reported upon, with Memoranda and Evidence.*

1, colonial ammunition factory; 2, iron; 3, galvanising and corrugation of iron; 4, machinery; 5, leather; 6, kauri timber; 7, coal.

*B.—Not reported on: Memoranda and Evidence only.*

1, bottle manufactory; 2, carpet manufactory; 3, cement; 4, cocoa trade; 5, cork; 6, fish-curing; 7, glassware; 8, hat manufactory; 9, hæmatite; 10, monuments and tombstones; 11, oil, seals, &c.; 12, paper; 13, sheep-dip; 14, sugar; 15, woollen manufacture; 16, writing-inks; 17, the manufacture of fibre from flax and tussock grass.

Referred, with evidence, &c., to the Agricultural and Pastoral Industries Committee: Dairy, fruit, and bacon-curing.

## COLONIAL AMMUNITION COMPANY, AUCKLAND.

Your Committee find that a factory was established for the manufacture of ammunition at Auckland, upon an understanding that Government patronage would be extended to it. At first great complaints were made of the inferiority of their cartridges, but they have now succeeded in producing and supplying an article pronounced satisfactory by the authorities. In consequence of the proposed change of arm, the proprietors are threatened with great loss, as they have provided a stock of material sufficient to keep up a supply to meet possible contingencies, and to work up powder placed at their disposal by the Government. This powder being in stock, and comparatively useless for other purposes, must entail a heavy loss to the colony unless manufactured. The proprietors also claim some protection through the tariff in the manufacture of sporting ammunition, and express willingness to be bound by an agreement not to charge in the colony a price above the Home cost of ammunition of equal quality, with freight and charges added. The advantage of securing a reliable source of supply for ammunition in the colony is manifest. The employment given at the factory, until lately, has been one hundred and fifty hands.

Your Committee would recommend that whatever Snider ammunition may be required in the future should be taken from the New Zealand factory, subject to the price being reasonable and the quality approved.

That, under the same terms, a preference should also be given for the supply of Martini-Henry ammunition; and a further duty imposed upon imported sporting ammunition.

## IRON INDUSTRY.

This industry is in a peculiar position. The tariff admits, free, iron and steel to the value of £130,329; while, manufactured in various ways, we import to the value of nearly £400,000, duty being placed generally upon articles manufactured in the colony. Now that an opportunity seems to be presented to manufacture iron in the colony, those engaged in the secondary operations fear lest any encouragement given for the production of iron would have the effect of increasing the cost of it to them. The evidence otherwise indicates that natural products are abundantly available: at Collingwood, in connection with the deposits of hæmatite; and at Taranaki, in the titanite iron-sand. The establishment of permanent works to utilise this great source of wealth would form a valuable addition to industries giving employment in the colony, and effect a great reduction in the importation of iron and steel, making metal available for our public works, which now are too often constructed with more perishable material.

Your Committee recommend that carefully-measured assistance to this industry be given, partly through the tariff, and partly by bonus.

This course holds out a promise of ultimate gain both to the iron trades and to the consumer, as it should result in reducing the cost of the raw material and improving its quality in New Zealand.

Your Committee accordingly suggest that the tariff upon all iron and steel imported be raised to the extent of 20s. per ton, and railway-iron 40s. per ton; also, that a bonus for the manufacture of iron and steel be given, at the rate of 5s. per ton for five years, upon conditions which would insure the exclusive use of New Zealand products, and the establishment of works upon a scale and basis sufficient to guarantee permanence. The duty should not be put in force until a guarantee is received of the institution and progress of works to warrant the imposition.

## GALVANISED AND CORRUGATED IRON.

The information obtained is not conclusive, but a *prima facie* case has been established, showing that unless the duty on galvanised iron is raised to £3 10s. per ton, the industry now existing in this branch must cease.

## MACHINERY.

Complaints have been made from various quarters that a prohibitive duty is now placed upon special machinery necessary for the initiation and perfecting of manufactories. Instances have been shown where the result has been very discouraging. Relief should be given in such cases. Engine fittings, patent machinery, and all special machinery not manufactured in the colony, for any industry whatever, should be admitted free, upon the same footing as machinery connected with mining, dairy, and agricultural industries.

## LEATHER INDUSTRY.

Under this head your Committee have received numerous communications, and taken evidence from representative men. The state of the trade seems anything but satisfactory; employers and employes clamour for a readjustment of the tariff, and, in some cases, upon very reasonable grounds. In the interest of the tanning, currying, and leather-dressing trades, an increased duty is required upon leathers of various grades and descriptions, discriminating and exempting such as cannot be produced with advantage at present in the colony.

The large quantity of inferior American upper-leather imported has flooded the market, and prevented the increase of colonial manufacture. This has brought disaster to those engaged in the industry, and has been the means of introducing to the consumer a deceptive and very inferior article. It appears to be in the best interests of the manufacturer and consumer that this class of leather should be shut out, and for that purpose a duty of at least 6d. per pound, such as is now placed upon harness-leather, should be imposed upon all split, buff, horse hides, satin hides, cow

kips, and levant cow; kips (other than East India kips); cordovan, roans, coloured or dressed sheepskins, basils, levants, and lambskins.

#### THE KAURI TIMBER INDUSTRY.

The evidence indicates that an export duty not exceeding 3s. per hundred superficial feet should be imposed upon baulk or round timber above 12in. x 12in., in order to counteract the Victorian tariff.

The large timber companies are favourable to this suggestion; and evidence advanced having gone in the direction of showing that a large number of mills not working now would start operations if this duty were imposed, thereby affording employment to many more men than are now engaged in the industry.

#### COAL INDUSTRY.

The information available has not been sufficient to enable all the circumstances connected with this important industry to be ascertained. The information submitted is offered as an instalment, in the hope that it may prove useful and lead to a more perfect study and elaboration of the question. New Zealand has been bountifully supplied with coal. The brown coal is found in many parts, and largely utilised for domestic purposes, and for local consumption upon the railways, and in various industries. The area of true coal known and being worked is practically limited to the west coast of the Middle Island, close to the seaboard, in the neighbourhood of Westport and Greymouth. This field has been estimated to contain 1,200,000,000 tons. The quality of the coal is excellent, that of Westport taking first place for steam and household purposes; while the Greymouth product excels for gas- and foundry-works. This will be best seen by the following table:—

*Analyses of New Zealand and New South Wales (Newcastle) Coals.*

Locality.	Fixed Carbon.	Hydro-carbon.	Water.	Ash.	Analysed by
NEW ZEALAND.					
Buller Coalfields—					
Waimangaroa (crushed) ... ..	76·90	16·20	0·80	6·10	Skey.
Ngakawau ... ..	74·68	21·31	2·61	1·20	"
Westport Company ... ..	61·75	34·20	2·53	1·54	"
Plateau ... ..	66·12	28·82	4·25	0·81	"
" ... ..	59·88	32·57	6·66	0·89	"
" ... ..	66·34	29·91	2·78	0·97	"
Mokihinui, outerop ... ..	55·43	38·38	4·67	1·52	"
" " ... ..	50·78	33·18	4·63	2·41	"
" " ... ..	65·29	27·87	4·40	2·44	"
" " ... ..	63·80	26·20	5·80	4·20	"
Greymouth Coalfields—					
Greymouth Coal Company ... ..	53·03	41·95	0·99	3·98	"
Brunner ... ..	53·50	41·28	1·41	3·81	"
Coal-pit Heath ... ..	59·38	35·48	1·05	4·09	"
Blackball ... ..	52·23	43·72	2·02	2·03	"
" ... ..	50·12	42·83	4·62	4·43	"
NEW SOUTH WALES.					
Newcastle Coalfields—					
Australian Agr. Company ... ..	57·52	33·60	2·20	1·33	Liversidge.
Minmi ... ..	56·49	33·87	2·59	1·44	"
Glebe ... ..	59·16	33·36	2·14	4·76	"
New Lambton ... ..	59·56	30·62	2·61	6·72	"
Wallsend ... ..	57·22	34·17	2·75	4·64	"
Waratah ... ..	55·82	36·70	2·21	4·15	"

The colony has expended upon the harbour at Westport £371,590, and upon the railway £256,255, equal to £627,845; at Greymouth Harbour £325,353, railway £216,246, equal to £541,599: total in both places, £1,166,444.

The expenditure by private companies in both places is over half a million. The Westport Railway last year earned £7 6s. per cent. on its cost, that at Greymouth £5 15s. 6d. Nine hundred men are employed, supporting a population of four thousand, contributing largely to local taxation and to the consolidated revenue, and giving a large market for New Zealand food and other products. Thus it will be seen that, apart from the importance of the coal-supply as a necessity to the domestic and industrial life of the colony, it is an industry of primary importance and entitled to the greatest consideration, because of the great number of workers who are dependent upon it for employment, and the large amount of public and private capital invested. It is unsatisfactory to find that the development of the industry has not been such as the quality of the product and the expenditure should lead us to expect. The comparative table here given of the import and export trade of New Zealand and Newcastle (New South Wales) will give a clear understanding of the position.

*Imports and Exports of Coals during the last Five Years.*

	Imports.		Exports—New Zealand.	
	Tons.	£	Tons.	£
1887 ... ..	107,230	108,288	43,659	44,083
1888 ... ..	101,341	98,431	64,192	61,367
1889 ... ..	128,063	114,053	79,490	76,228
1890 ... ..	110,939	102,166	69,614	67,003
1891 ... ..	125,318	120,422	91,664	91,173
<b>Totals ...</b>	<b>572,891</b>	<b>543,360</b>	<b>348,619</b>	<b>339,854</b>

*Places where Coal exported to, from Newcastle.*

Countries.	1888.	1889.	Increase.	Decrease.
	Tons.	Tons.	Tons.	Tons.
Victoria ... ..	666,947	811,818	144,871	...
New Zealand ... ..	138,007	156,172	18,165	...
South Australia ... ..	74,250	181,411	107,161	...
Queensland ... ..	...	5,319	5,319	...
Tasmania ... ..	33,514	61,585	28,071	...
Western Australia ... ..	11,814	14,780	2,966	...
Hongkong ... ..	36,953	79,826	42,873	...
Java ... ..	32,288	70,494	38,206	...
New Caledonia ... ..	9,108	10,838	1,730	...
Singapore ... ..	17,879	39,057	21,178	...
Mauritius ... ..	7,031	15,422	8,341	...
Fiji ... ..	7,259	10,966	3,707	...
United States ... ..	314,593	296,357	...	18,236
India ... ..	34,643	62,216	27,573	...
Philippine Islands ... ..	33,084	45,026	11,942	...
Peru ... ..	9,186	23,044	13,858	...
Sandwich Islands ... ..	21,418	27,081	5,663	...
Mexico ... ..	2,193	9,601	7,408	...
Chili ... ..	100,631	145,237	44,606	...
Solomon Islands ... ..	...	1,428	1,428	...
South Sea Islands ... ..	3,632	3,642	10	...
Africa ... ..	400	487	87	...
Ceylon ... ..	1,685	2,438	753	...
Macassar ... ..	...	3,740	3,740	...
Haiphong ... ..	...	933	933	...
Yokohama ... ..	...	1,003	1,003	...
Sumatra ... ..	...	5,449	5,449	...
Guam ... ..	...	3,328	3,328	...
Penang ... ..	1,130	1,654	524	...
Bangkok ... ..	...	725	725	...
United Kingdom ... ..	...	480	480	...
New Guinea ... ..	485	...	...	485
Indo-China ... ..	1,367	...	...	1,367
Queensland ... ..	5,074	...	...	5,074
South America ... ..	14,822	...	...	14,822
New Hebrides ... ..	894	...	...	894
	<b>1,580,337</b>	<b>2,091,557</b>	<b>552,098</b>	<b>40,878</b>

NOTE.—Total increase for 1889 is 511,220 tons.

The New South Wales coal has advantages and disadvantages as compared with that of New Zealand. It is harder, and therefore less liable to injury by loading and transit; but it is frequently mixed with incombustible material. The working-seams are there from 8ft. to 6in. thick, with intervening bands of indurated clay, stone, shale, morgan, and jerry between them varying in size from 1in. to 22in. This involves extra work in mining, and frequently reduces the value of the fuel. Notwithstanding this, the miners having the advantage of cheaper provisions, the cost of working the coal is considerably less than in New Zealand.

Coal owners in New South Wales are generally free from royalty, and the greater part of the coal shipped at Newcastle is only subject to a payment of 10d. per ton for rail and port charges. The difference made by those four items—labour, royalty, rail and port charges—as against Westport coal, amounts to 3s. 11d. per ton. Then comes the private expenditure for mining-works and plant. The average sinking at Newcastle is only about 400ft. In New Zea-

land the work is much more difficult and expensive, both in erection and maintenance. It must also be remembered that with coal companies permanent charges are a fixed quantity, and fall heavily or lightly per ton in proportion to the output. The smallness of the output is, therefore, also an important factor against New Zealand coal.

With regard to facilities for loading vessels, New South Wales has expended upon the port of Newcastle over £1,000,000, deepened the entrance to 23ft., and provided over two miles of frontage, and supplied cranes to load 17,000 tons per day. Upon the completion of harbour-works at Westport, it is expected that equal depth of water will be obtained. The loading facilities at both Westport and Greymouth are now equal to 3,000 tons per day, and may easily be increased. It is to be regretted that the system of loading at Westport by staiths and shoots is such as to break up and reduce much of the round coal to dust. At Greymouth and Newcastle cranes are used. The Westport coal is in great demand for household purposes, and, as it is generally of a pure, fragile character, it is much injured and deteriorated in value by the treatment it receives when loading.

The price of coal at Newcastle is subject to variations; at present it is quoted by the united collieries at 10s. per ton for screened coal, f.o.b.; at Westport it is quoted at 14s., Greymouth 12s. 6d. Small coal—Newcastle 5s. to 7s., Westport 9s., Greymouth 7s. 6d. The difference between the price of coal in the two colonies at the coal ports does not sufficiently account for the large annual importation of Newcastle coal to New Zealand. Much of the coal is brought by vessels that would otherwise come in ballast, at a nominal freight, the extra charges upon New Zealand coal, amounting to 4s. per ton, acting as a protection to the foreign producer.

EUGENE O'CONNOR,

Chairman.

6th October, 1892.

## MINUTES OF EVIDENCE.

### AMMUNITION MANUFACTURE.

TUESDAY, 26TH JULY. (Mr. E. J. O'CONNOR, Chairman.)

Captain JOHN WHITNEY examined.

1. *The Chairman.*] Will you be good enough to state your position, and afterwards anything you have to state in regard to the manufacture or industry with which you are connected?—I am managing director of the Colonial Ammunition Company, established at Auckland and in London. In the year of the Russian war-scare (1885–86) the Government, having only 100,000 rounds of ammunition, and considerable alarm being felt, the Commander-in-Chief, Sir George Whitmore, asked me if it were possible to get cartridges manufactured in the colony. I said I would endeavour to see what could be done, provided the Government would promise to support the industry.

2. What was your position then?—At that particular moment I was acting as assistant Aide-de-Camp to the Commander-in-Chief; I was also Captain of the O Battery; in fact, I raised the whole of that battery, started it, clothed it, and did everything else out of my own pocket. We were successful in starting and carrying out this manufacture; the Hon. Mr. Ballance having promised to support it in every possible way. There was no powder, no brass, in the colony. In spite of all difficulties we gathered caps from one portion, powder from another portion, of the colonies by telegraph, so that we finally managed to collect a sufficient store to make for the Government 500,000 rounds of ammunition; not, perhaps, equal to what we would have wished, but sufficient nevertheless for the emergency. Not being satisfied with the machinery made in Auckland according to first arrangements, I interviewed the Hon. Mr. Ballance in presence of Sir George Whitmore, again asking the Hon. Mr. Ballance if he would confirm his promise made to the company, stating that, if he wished, I would go to England and send out to the colony machinery exactly the same as that used in the Arsenal at Woolwich, which I did. From that time to the present I have manufactured ammunition which has steadily improved in quality, according to the opinion of every one who has had anything to do with it, until now, I undertake to say, that the present ammunition which we supply is equal to anything that can be produced in the world; a fact which I would be willing to put to the proof at any time you like. In consideration of carrying on this manufacture certain concessions were promised, these were: a lease of land at Mount Eden for five years, with the promise of renewal, the land to be used for the erection of the factory and works; this the Hon. Mr. Ballance promised.

3. In writing?—Not a single thing. Nearly the whole of it was by word of mouth, but Sir George Whitmore has said that he will come forward and confirm my evidence on this point if necessary. The Government agreed to supply us with Snider powder and all storage free of charge. On the other hand we agreed to keep a stock of all other materials necessary for the manufacture of cartridges, as against the powder ordered by the Government. The Government have at the present moment 17 tons of Snider powder in store; as against that, we, according to my promise to the Government, have sufficient brass and other stores to load the greater part of that powder into cartridges, say, over one million rounds, all of which stores are absolutely useless for any other purpose.

4. Please give the value of the powder and stores?—The value of the powder and stores together would be not less than about £5,000 or £6,000. The powder the company has paid carriage on.

5. Where is it now?—Stored in the Auckland magazine.

6. *Mr. Pinkerton.*] That is under your control; I mean the whole of the powder you mention?—Yes; it is put there for our sole use; we pay for it according to the agreement. As it is drawn out we set against it the price which the Government pay us for the cartridges.

7. *The Chairman.*] I want you to state the value of the stores and the powder so placed separately, and your interest in it, and the value of the material you imported?—I have no interest

in the powder if I do not take it for this purpose. I draw it from the magazine. I have to pay for it with the cartridges, except for freight, &c., which we have until two last shipments paid.

8. *Mr. Lawry.*] Did you have to pay freight on it?—All of it except the last lot.

9. *The Chairman.*] What is the money-value of the powder?—1s. 2d. a pound weight at the store; against that has to be set what we have in hand. We have on hand to the value of £3,000 to £4,000, none of this being of any use for any other purpose.

10. Neither the powder nor the stores?—Neither the powder nor the stores. The Government at the beginning of this year, without any notice, sent us word that they would have no further use for Snider ammunition, in consequence of their going to change the arm. The whole of this enormous stock is therefore thrown on our hands.

11. Are you aware what is the pressing necessity for changing the arm?—The present arms are worn out. I do not think there is any necessity not to use up the stock. They could use it if the Sniders were kept on for three years.

12. But you say they are worn out?—No doubt they have been worn out since coming to the colony; but there are some in the colony, a few, that are not. But we would not have anything to complain of if the Government had given us due notice not to order more stores. The great point in the whole business is that they actually ordered powder themselves, which shows that they expected us to order other things. To show the value of our works I may state that, when in Wellington the other day, the Secretary of Defence, so I heard, had given an order for Martini-Henry ammunition, which would have taken him at least twelve months from the time of the order to procure—that is, before it was delivered here, while our works are able to send it to Wellington in less than ten days, even though we had to get it from our branch works. Up to the end of last year all their promises were carried out by the Government, except that of the understanding that no more ammunition should be ordered from England.

13. Was there an understanding to that effect—that does not come out clearly?—There was an understanding with the Commander-in-Chief, if we undertook to manufacture ammunition, provided it passed the test, that all the ammunition that was required should be taken from our factory. The actual wages paid by us during last year for the manufacture of Snider cartridges for the Government was £2,300 1s. 10d., all of which money would have been lost to the colony if that ammunition had been purchased in England; besides which, when ammunition is ordered in England, cash has to be put down with the order—£4,000 or £5,000—and the interest on all that money is lost to the colony. Then, in addition to the money paid for wages, there are the local expenses for stores and so forth in connection with the ammunition manufactured in the colony. This amounted last year to £1,400. I may also notice that the Government has been charging the Volunteers an increase over the cost-price of ammunition. We have received a letter from Colonel Hume which raises more than a doubt as to whether the Government intend to purchase any more Snider ammunition whatever. Such being the case, we cannot point out too strongly the want of justice which does not give us notice before we ordered these stores. One of the great troubles which this company is labouring under at the present moment is the determination by one of the leading firms in England to undersell the company, even to the extent of 25 per cent., no matter what price we charge for the article we manufacture. We find it impossible to compete with this for the following reasons: We have to pay 6d. a pound weight duty on sporting powder, 5s. per hundredweight extra *ad valorem* duty on paper, 10s. a hundredweight on shot, 1s. a thousand on caps, while the manufactured article is allowed to be brought to New Zealand for the ordinary duty of 15 per cent *ad valorem*. It is found very much cheaper to import the loaded cartridges than to import the materials and load them here under these conditions. The Hon. Mr. Ballance has indeed promised to put a duty on imported cartridges, but no definite time has been fixed. In the meantime, until such duty is imposed the company will be totally unable to carry on their operations, and must otherwise sustain very serious loss. Seeing that the company came forward at a time when the colony was in a very serious predicament, we think we are entitled to some consideration at the hands of Ministers.

14. I would ask you what is your position in case these concessions are not granted to you?—The position is that there will be from seventy to one hundred and fifty people who will not have constant work.

15. But what will be your position?—We cannot carry on.

16. *Hon. Mr. Mitchelson.*] You will have to close up the works?—Yes.

17. What amount of money is invested in the works?—£15,614; but there is cost of carriage of machinery. I do not hesitate to say that the whole cost if worked out would be shown to be £20,000. The loss to the country would not be less than £5,000 a year.

18. What is the value of the material you have imported under the belief that the Government were going to continue to take these cartridges?—Over £3,000. The stores on hand would be good to load over one million cartridges. I do not wish to push the Government in any way. But there is a firm in England which has sent its traveller round promising a large reduction to the extent of 25 per cent. on the price, so as to undersell the cartridges made by the colonial company in Auckland. Mr. Simpkin, of Messrs. A. T. Birt and Co., of Dunedin, will corroborate this statement.

19. *The Chairman.*] He is your informant?—Yes; I myself have been told that the firm in question are prepared to spend a very large sum of money to drive us out of the market. If there is a duty put on there is no intention on our part to charge the public more than they ordinarily pay.

20. *Mr. Pinkerton.*] What duty: how much? The Hon. Mr. Ballance proposed to put 30 per cent., or more if required, on imported cartridges, but he has not said how soon, or given us anything in writing. He says to us, "I will support you in every way I can, and I will give you 30 per cent." In the meantime we have not the 30-per-cent. duty, and we must pay all these charges. How is it possible to compete with people who send here the manufactured article without having to submit to such deductions as we are subject to for material, and pay a duty on the whole no greater than what we have to pay for extra material?

21. *Hon. Mr. Mitchelson.*] What is the duty on sporting-cartridges?—15 per cent. ; our materials amounted to much more; the Hon. Mr. Mitchelson has seen our plant and I would ask him.
- The Chairman:* You cannot ask questions of a member of the Committee.
22. *Hon. Mr. Mitchelson.*] When the whole of those machines are in full work, what number of hands are employed?—Seventy has been the greatest number hitherto; but that was without manufacturing sporting-cartridges. It is only within the last few months that we have expended £3,000 upon additional plant for this branch of the business.
23. Then, suppose your machinery at full work for both sporting- and rifle-ammunition, what number of hands would you employ?—150 hands. As things are now, without the Government continuing their orders for rifle-ammunition, and without any increase of duty on the importation of sporting-ammunition, it will practically mean that we shall have to close our works. The Government have indeed promised to take all the ammunition they want from us: that is an unknown quantity; not for Sniders.
24. *Mr. Pinkerton.*] And why not for Sniders?—Because they are going to change the arm. They have given us no notice that they proposed to discontinue their orders for Sniders. We have now a plant which can manufacture anything required.
25. *The Chairman.*] You say you cannot use up the material you have on hand. Why?—For the following reasons: The R.T.G. powder is only suitable for Sniders and filling shells. The brass for Sniders is not quite so strong as that required for the manufacture of Martini's, not because it will not bear the charge, but because it will not bear the severe strain of "choking" at the mouth of the cartridge.
26. *Hon. Mr. Mitchelson.*] Then, the only thing that would be practically useful would be the lead?—The lead is worthless; if not made into a bullet it is useless. Snider lead is pure lead. If there is any alloy it would be useless. If it is too soft it expands, if it is the least too hard it is useless. The Martini-Henry bullet is a hard bullet. It is more expensive. The one-twelfth part of the Martini-Henry is tin. It is squirted into rods to make the bullets. The lead would have to be sent back to Melbourne; the work on bullets would be thrown away.
27. *Mr. Pinkerton.*] Then, they are of no use except as old lead?—No; except for old lead.
28. Have you any export trade at all?—Yes; a little with Victoria and a little with New South Wales. So far as military ammunition is concerned we are tied out of Victoria.
29. *Hon. Mr. Mitchelson.*] Have you a copy of your agreement with Victoria?—Yes. It gave us a bonus of £5,000, and offered to make it £10,000 if I would erect the plant at Albury instead of at Leamington. But the want of labour precluded that; there are no people there.
30. Did they give you the land necessary?—They gave me 5 acres of land for building purposes, and two ranges—one of 1,700 yards, the other of 900 yards—for 999 years, or so long as it should be used for carrying on the work of an ammunition factory.
31. *Mr. Lawry.*] So that, if you cease to manufacture ammunition, it reverts to the Crown?—Yes.
32. I should like to ask you whether you have any testimonials from Volunteers?—Yes; I have a letter from the Secretary of the Rifle Association, which was shown to the Secretary of Defence, to yourself among others, in which he states that it was the best and most even ammunition he had ever shot with.
33. That, you say, came from Captain Somerville?—Yes; but the best testimonial I have, and which probably would be most depended on, is the report of the different Inspectors appointed from time to time by this Government to test and report. I have not got it with me. I shall be happy to supply this, as also the letter from Captain Somerville. I saw Colonel Goring before coming away. He told me that all his reports upon the ammunition had been highly favourable. So far as he was concerned he said it was as good as ever he wished to shoot with.
34. Did you want the Committee to examine Sir George Whitmore?—Yes.
35. As to the encouragement you received?—Yes; he was the person through whom I made the agreement with the Government.
36. That was before you began to manufacture ammunition at all?—Yes; before going to England and spending £15,000 more than otherwise I needed to have done. That was in 1887. Sir George Whitmore and the Hon. Mr. Ballance were the persons with whom I dealt entirely.
37. *The Chairman.*] I wish to ask you whether you have seen the present Defence Minister on the subject. How does he propose to deal with this difficulty?—The Hon. Mr. Seddon says it is a commercial transaction—that we ought to have known that the arm was going to be done away with: therefore he does not see that the Government are under any obligation to us on account of the material we have on hand. But, on the other hand, he wishes to assist the company to the best of his ability, and will take, all things being equal, any ammunition the Government wants in the future from the Colonial Ammunition Company.
38. *Mr. Lawry.*] I suppose you would be prepared to sell to the Government at the price it could be invoiced here?—I am ready to sell and supply to the Government at the current contract price, whatever that may be, at which Messrs. Eley Brothers supply the War Office with ammunition for the use of the Imperial army, plus the usual charges for freight, insurance, and other charges hitherto paid by the Defence Department for delivery in New Zealand.
39. *Mr. Pinkerton.*] But you would not enter into any cut-throat competition?—We could not manage it. Last year was the first year that the company made one sixpence, and that amounted only to 4½ per cent., although they had been seven years carrying on the work.
40. *The Chairman.*] Does it appear to you that the ammunition and stores you have now on hand are equal to any future demand that might be made?—Yes; for both sporting and military.
41. Both the Snider and Martini-Henry?—Stores for Martini-Henry are not yet ordered.
42. *Hon. Mr. Mitchelson.*] I understand you to say that you made this proposition to the Minister of Defence in Auckland while he was there?—Yes. We cannot do it for less than the Imperial Government pay to get it for the War Office.

43. *Mr. Lawry.*] You cannot do it for 25 per cent. less—the price at which the other persons would undersell at for the purpose of cutting you out?—No. We are prepared to guarantee the colony, if there shall be a protective duty imposed, that we will only charge the least price at which the article can be manufactured; this applies to both “sporting” and military ammunition. Take a gunmaker; he can import and make a profit of 6s. per hundred on the average or more on the sale of cartridges; he does not employ a single hand, he does not purchase material for the manufacture, while here is a local company employing seventy hands, paying large sums for material, having expended a large sum for machinery, and making, for the first time after seven years, only 4½ per cent. last year, being left with a large amount—£4,500 worth—of material on their hands, and a larger duty on raw material than is imposed on the imported manufactured article.

WEDNESDAY, 27TH JULY, 1892.

Hon. Sir G. S. WHITMORE examined.

1. *The Chairman.*] We have asked you to attend to give information, if you can, in regard to the ammunition supplied by the Colonial Ammunition Company, and also in regard to any agreement made with them in the first instance when they started on that business?—In the year 1885 there was a Russian scare on, as honourable gentlemen know, and I was invited by the Governor to come down here. I was asked by the Government to take command of the Colonial Forces. One of the first things which it was my duty to do was to ascertain how much ammunition there was in the country. At that time there were 12,000 Volunteers on the roll, and it may surprise gentlemen to know that there were not 400,000 rounds of ammunition in the country. I asked Mr. Ballance, who was then a Minister, to telegraph to all the centres in Australia. The result was we got 50,000 rounds more. We could obtain no further supply until we could get some from England. I thought this very serious, and we cabled to the Agent-General, who informed us that the Snider arm had become obsolete—that the Government no longer made it, and that there was no maker in the country except a man called Kynock. On further application to the Agent-General it seems it was quite possible that it would be six months, possibly a year, before we could get any supply at all from England. Now, 12,000 Volunteers required 1,200,000 rounds for the ordinary practice of their arms, and as the greater part of the Volunteers in those days were perfect recruits and had very little practice, it was impossible to shorten the supply to them, or else they would have been of no use. In discussing this matter with Captain Whitney, at Auckland, who I knew at all events to be a good sportsman and a wonderful shot, I told him that I would be very glad if he could tell me of any other maker in England besides Mr. Kynock, or if he could suggest in any way how we could get ammunition. The next morning he called upon me and said he had come out to New Zealand; that he had sold his property in Herefordshire; that he had considerable sums lying at his credit at the bank; that he was afraid to invest it in land, from all he could hear about land in this country, and that he was quite willing to endeavour to put up works for making cartridges for supplying the wants. I communicated with Mr. Ballance on the subject by telegraph, and he authorised me to make preliminary arrangements with Captain Whitney. His conditions were that Captain Whitney should have all the machinery made in this country, and that he should be able to guarantee to supply all the ammunition that was required; on the other hand, the Government would give him the exclusive supply of all ammunition required for its own purposes. Subsequently Captain Whitney met Mr. Ballance at the Star Hotel, Auckland, on the matter, and Mr. Ballance agreed to let him have a very small piece of land—about three-fourths of an acre, or half an acre, or something of that sort—at Mount Eden, on which he might erect his works, and he was to have a lease of it. Captain Whitney's ammunition made with the colonial machinery was not by any means a success, and involved a very large loss to him. He saw Mr. Ballance, and got his permission to import machinery that would make satisfactory ammunition. He went Home himself, leaving his son in charge of the works. When at Home he went to Woolwich factory, and presented letters which I gave him to many of the officers at the arsenal, who showed all the best machinery and explained its manufacture to him. They allowed him to take away one of their very best hands. He came back again, and was able to start a manufactory for making Martini-Henry ammunition at Victoria and a Snider manufactory here with absolute success. I have made it my duty since to inquire from all the Volunteers who used that ammunition, and I find that, strong as the prejudice was against the first cartridges that he made with the colonial machinery, they are now all perfectly willing to state that his cartridges are an absolute success. I have only heard of two cases of cartridges having failed at all, and that of course it was absolutely impossible to avoid. The usual allowance for bad cartridges in the Government factory is something like 5 or 6 per cent. As far as I know, Captain Whitney's cartridges have been about 6 or 7 per thousand, and those that had any material fault were those not having an anvil. I think there have only been two cases that I have been able to discover, which is very little. Captain Whitney, by the circular, which I presume all members have, has informed us that the Government have told him that they can take no more Snider ammunition, as they are about to change the arm. I have satisfied myself upon this point, as regards the future, that when the Martini-Henry, the new arm, arrives, he can supply as good Martini-Henry ammunition as can be got in the world. The grievance, as I understand, of which Captain Whitney complains is, that the Government have absolutely, during the currency of their agreement with him, imported 500,000 rounds from Mr. Kynock, who is in no sense a satisfactory manufacturer, because it is not long ago that half-a-million rounds—I wish to be within the mark; I might mention a million rounds—of ammunition was returned to him by one of the Australian Colonies. I am inclined to think it was Victoria. Captain Whitney, when this first difficulty occurred, communicated with me, and asked me what I could suggest, and I could only say that the matter had quite passed out of my hands, and it must be left to the Government; but, as between us as friends, I



thought it might be worth considering whether he might as a temporary substitute make sporting ammunition. Acting upon that suggestion he got a plant, and has succeeded in turning out very good sporting cartridges. He, like many other manufacturers in this country, finds that he cannot contend against the English-made sporting ammunition, which, when purchased by large firms, they have a considerable discount given to them; and he asked me if I would represent to this or any similar Committee that he stood in the position of asking the colony to give him some protective advantage which almost all other industries enjoy. The result of his first work here was that in Victoria they were exceedingly jealous of it, and, failing themselves to get any one else to undertake a thing of the kind, had to come to him, and he has now excellent works there, which are giving very great satisfaction. Captain Whitney had not had much experience in negotiations with Colonial Governments, as it would have been wise for him to have had, for all his arrangements with the Government were verbal. He took their word for it, and thought, as an honourable gentleman himself, that when once a thing was said to him on the part of the country it would be an honourable obligation; and it stands very much on my conscience that I was in any part the cause of his devoting the whole of his patrimony to a thing which appears now to be very nearly all lost, although, at the same time, without his manufacture we could not have had the means of defending ourselves from any kind of invasion by the smallest hooker. I said just now that the first ammunition was a failure, and so it was, but he withdrew every bit of it and sold it at an absurdly small price to a gentleman, who sold it again in Samoa; and, though that ammunition was really not up to the mark for target firing, nevertheless it was quite sufficient to enable the Samoans to hold their own against the German troops when they landed.

2. *Mr. Tanner.*] Was it used there?—Yes. He sold it for anything he could get. It was afterwards sold to the Samoans. He was no party in any way to that sale. I mention this to show how far, incomplete as the manufacture was, it added to our security, as the Samoans were able to repulse the Germans by using those very cartridges that we had condemned. Of course, although Captain Whitney did not succeed in making excellent ammunition, which is beyond dispute, the reason was that the machinery was ridiculously antique. I saw it in their manufacture at the first. I think he lost about £5,000. Unless you ask me about any points I have not explained I think that is all I know about the matter. There is one thing more I may mention; it has reference to some lease of land at Mount Eden. That was a distinct promise to him, but I am bound to say, as explained to me when I had remonstrated with the then Government, there was some legal difficulty about giving a lease, and I think they promised to have that rectified. It is a little piece of useless stony land just adjoining the gaol. I have seen the factory constantly, and saw that it employs a considerable number of hands. He tells me that in peace the amount of ammunition required would hardly be enough to carry on the work, still if he has the protection of sporting ammunition he would make the one help out the other.

3. Since the agreement of a verbal character with Captain Whitney the Government have imported half-a-million rounds of ammunition outside of that agreement?—Yes.

4. At what date was that imported?—That is, of course, a very material question, and I recognise a very fair one; but it is a curious thing that, although it is a comparatively recent importation, it is not strictly speaking a breach of the agreement. The reason is the vessel came out here very long after our requirements with the order from the Defence Department. That vessel was lost, and before the news got Home and a new supply could be reordered—a year or two years, I believe—it was practically an old order, although it might have been very well avoided, as it was insured, and the Government could have fairly paid for it, and gone on with its own manufacture. Nevertheless it was not a deliberate breach of the agreement, but it was the recovery of the balance of an order which had not arrived in time.

5. Which order, in the first instance, might have been given to Captain Whitney?—I think so. It was in the power of the Government, having received their insurance, not to reorder. I have explained what I thought at first was a bad breach of agreement. From the explanation of the Defence Office, it is not proved to be exactly that, although, if they had been anxious to favour their own manufactory, they might have evaded it.

Lieutenant-Colonel HUME, Acting Under-Secretary for Defence, examined.

6. *The Chairman.*] We have asked you to attend to give evidence—to state what you know with regard to the agreement that was made with Captain Whitney, of the Colonial Ammunition Company; also, as to the fitness of the ammunition supplied, and any other matter in connection with it. The Committee is making inquiries with the view of ascertaining what can be done in order to encourage industries?—I may state, with regard to the first arrangement made with Captain Whitney, he offered to put up a plant in Auckland if he was given a site at a peppercorn rent. He was given a site for five years, at £12 a year, on the Gaol Reserve in Auckland, because it was adjacent to the magazine and also to the rifle-range; in fact, he selected the spot himself.

7. You say he was given a lease of land?—Yes, for five years.

8. Are you sure that the lease was issued?—I think the lease for five years was issued; but when he wanted the lease renewed it could not be done. I know I saw the lease, and it was signed by the Governor. He wanted the lease renewed for twenty-one years. The question cropped up then that you could not lease a reserve unless it was put up to auction or tendered for. He has not been disturbed in the meantime. There must have been a great deal of verbal arrangement with him. The only one I find on paper is the one which states that we were to take two million rounds of ammunition from him at a certain price.

9. You say that is on paper?—That arrangement is on paper. I can supply the Committee with a copy of that arrangement. Then some difficulty began in this way. The Russian scare was on at this time, and the Government wanted some ammunition in a hurry. They tried to get some colonial powder somewhere in Otago, and they did get it. Captain Whitney pointed

out that this powder was bad, and would not make good cartridges; but the Government, I believe, told him to make them. He did make them, and they were very bad indeed. Then this difficulty began. Since then it is very difficult to make the Volunteers believe that what we are making is good, because of the bad name they first got. They have a prejudice against them, and it is very difficult to make them believe that they are good. The complaint that the Volunteers now make is principally of missfire, which is almost, if not entirely, due to the rifles. And why I say this is because almost all the cases of missfire have occurred with carbines, and not with rifles. The same sized ammunition fits both carbines and rifles. The ammunition is delivered by Captain Whitney's firm into the magazine in Auckland. It is tested by our officer, Colonel Goring, and I have several of his reports. [Reports produced and read.]

10. These reports you consider favourable?—Yes, we have not had a bad report as yet. I have brought letters of complaint from Volunteers. [Letters produced.]

11. Will you state the nature of these complaints, and the nature of the inquiry made into them?—There was a report from the battery at Napier. They had eight missfires in the volley-firing one morning.

12. *Hon. Sir J. Hall.*] Out of how many rounds would that be?—That would be out of four hundred and fifty rounds. They fired with carbines and not with rifles. They sent me up five rounds out of eight missfires, and I sent them on to Colonel Goring, and he fired them off at once.

13. Did he fire them out of carbines or rifles?—He fired out of rifles. They had two at the same time which were supposed to have no powder in them, consequently they would not go off. It was found clearly that one had the powder extracted. Colonel Goring saw the marks unmistakably. The other never had any powder.

14. *Mr. Lawry.*] That might happen with any cartridges?—It happens very often in the British army; you cannot get everything perfect.

15. *The Chairman.*] When these complaints reached you they were inquired into?—Yes.

16. With what result?—That the ammunition is fairly good. I have fired myself a good deal, and I believe the ammunition may be classed thus: Ely, first; Whitney, second; and Kynock, third. These are the three in general use. I may say from my experience that I consider Ely's and Whitney's ammunition as reliable as that which was issued to us when I was in the Imperial service. Kynock's I do not believe in, and never did.

17. *Mr. E. M. Smith.*] Are we to understand that the eight missfires are to be accounted for by carbines being used instead of rifles?—Yes, undoubtedly. That was proved by Colonel Goring—with the exception that one had no anvil.

18. *Mr. Lawry.*] Are you aware that five million of English cartridges were condemned as entirely useless last year in New South Wales?—No, I do not know it except from report; but, if it was so, it was Martini-Henry ammunition, not Snider.

19. Are you aware of any being condemned as useless in New South Wales or Victoria?—Yes. I have been talking about Snider ammunition. I saw a report about Martini-Henry ammunition, but I know nothing of any Snider ammunition having been condemned.

20. I suppose you have personally visited the works erected by Captain Whitney at Mount Eden?—Yes, several times.

21. You consider them fit to accomplish the purpose for which they were erected?—I do; and I believe he is turning out good work.

22. How much powder have you in your magazine, and for what purpose was it ordered—was it for Snider rifles?—I am certain we have 15 tons, either in stock or coming.

23. Was that ordered for the purpose of being worked up in Captain Whitney's factory?—Yes, it was.

24. Are the Colonial Ammunition Company expected to keep a stock of material in hand to meet probable requirements?—Well, I do not know that we could force them to do it, but I should say they are expected to do so.

25. There is an understanding to that effect?—Yes.

26. How long is it after an order for English cartridges is given before they are delivered?—I should say from eight to twelve months.

27. How long was the last order given before they were delivered?—The last that were ordered were wrecked in the "Assaye."

28. Will you place all the correspondence at the disposal of the Committee?—Yes; I will supply all correspondence and reports.

29. *The Chairman.*] Do you look upon it as a matter of great importance to have a manufactory of cartridges and ammunition in this colony?—Certainly, if we can get the article equal in price and quality to the English, it is a very important thing.

30. Will you explain why it is so important?—First of all, our reserve stock in case of war is large; there is a large quantity kept in stock which is distributed to the different centres. In the present day, with breech-loaders, it is hard to say how much might be expended if there was any war. Then, of course, we can get no more except by sending to England, with the liability of delay or accident. There is an object in keeping the manufacture of them in the country.

31. Irrespective of any crisis?—Yes; I mean for commercial and other reasons.

32. *Hon. Sir J. Hall.*] What is the use of having a manufactory of cartridges if it is dependent upon a foreign supply of powder?—At the present time we have got about 15 tons.

33. If you can import your powder you can import cartridges?—We have always got a supply of powder in hand—we have always got 5 tons in stock, 5 tons on the way out, and another 5 tons at home.

34. Are you aware whether in the Australian Colonies powder is manufactured?—Not for making up into cartridges—not for Government cartridges.

35. For military purposes?—I do not know.

*The Chairman:* I think you do not understand the drift of Sir John Hall's question. It was to this effect: It would be of no great advantage to have the cartridges manufactured here when the powder had to be imported, if you could import the cartridges in the same way.

*Hon. Sir J. Hall:* I mean as a matter of military precaution.

36. *The Chairman.*] Is there any reason why there should be any difficulty in importing cartridges in large quantities, and keeping them in stock, in the same way as you do the powder?—I do not know; we can always get powder, but we cannot always get cartridges.

37. *Hon. Sir J. Hall.*] In the event of a war, supposing your stock of powder had run out, you would have to wait for a supply from the Old Country?—That is so, certainly.

38. You would be in the same fix?—Yes; of course, there is that difficulty.

39. *The Chairman.*] Are we to understand that you cannot make sure of getting your stock of cartridges?—We always have to look ahead, and keep the supply of cartridges up.

40. Does that condition not also apply to powder?—Yes.

41. *Mr. Tanner.*] Can powder be more easily procured in the Old Country in time of peace or war than ready-made cartridges?—Well, I think it all depends on what kind of powder you want. There is no doubt Snider could, and probably Martini-Henry too.

42. In the case of a war scare, is it not a fact that the English Government have occasionally given orders in the United States for cartridges, and did they not do so seven years ago?—Yes.

43. Would it not be practically impossible for us to get ready-made cartridges under those circumstances? If we had to order them from the United States, surely they would not be in a position to supply us?—I should say they would not. I know that was a fact.

44. It created a great deal of feeling at the time?—Yes. I may mention that we had some cartridges sent from America not long ago. A traveller was here and sent us some, and they were perfect rubbish. We could not use them.

45. *The Chairman.*] In one of your answers to Sir John Hall you said there was a risk of getting inferior cartridges?—Yes.

*Hon. Sir J. Hall:* I did not understand from the witness that it would be an inferior article.

46. *Mr. Duncan.*] What is the relative value of the powder-supply as compared with the supply of cartridges?—I could not tell you that.

47. *Mr. Lawry.*] I suppose you have been well satisfied that you have been as well and as cheaply served by the Colonial Ammunition Company as you have been by any English firm?—Yes. If I had any choice I would rather use Ely's.

48. But Ely's would cost you quite as much as Whitney's?—Yes. If Captain Whitney's cartridges can be got at English prices there is no fault to find with them.

49. *Hon. Sir J. Hall.*] What is his price compared with the English price?—His last offer is to give us the cartridges at the English prices.

WEDNESDAY, 3RD AUGUST, 1892.

Mr. T. THOMPSON, M.H.R., examined.

1. *The Chairman.*] I understand that you desire to give some evidence before this Committee?—Yes; I was requested to give evidence as to what I know of the Colonial Ammunition Company's Factory at Mount Eden, Auckland. I know that the company have expended a very considerable amount of money in the erection of this factory, and that, as far as I am able to judge, they possess a very complete plant, and employ a considerable number of hands. When I last visited the factory there were over sixty hands employed, or not more than one-half the usual number when they are in full work. I cannot give the exact date of that visit, but it was within the last three months. Captain Whitney complains that sufficient encouragement has not been offered by the Government to this industry, and is anxious that some concession should be granted. He does not wish the Government to pay more for his ammunition than they would pay in the regular way for the imported article. I know the benefit the district would derive from the factory if kept in full work. There is a strong feeling of disappointment in the neighbourhood at the prospect of the works being closed. There is an average of one hundred persons employed living in the neighbourhood of the factory. They are chiefly women and young persons of both sexes. This number is exclusive of experts. As Captain Whitney has given evidence fully before the Committee, that is all I need say on the matter.

2. *Mr. Duncan.*] Has Captain Whitney produced any Martini-Henry ammunition in Auckland?—He has supplied some but not from the Auckland factory; he brought it from his factory in Australia. He is, however, prepared to furnish it from the Auckland factory. While I am here I should be glad to give some information with respect to other industries.

3. *Hon. Sir J. Hall.*] Does Captain Whitney manufacture for the Government only, or does he supply private individuals?—He supplies the trade with ammunition for sporting purposes.

4. *Mr. E. M. Smith.*] Are you aware of what the Premier promised Captain Whitney?—I cannot say. I was present when he interviewed the Minister of Defence, but since then there have been several interviews, and I do not know what transpired.

5. *The Chairman.*] What are the other industries respecting which you desire to give evidence?—I wish to say something with regard to the corrugated-iron and timber trades. Mr. Samuel Parker, of Auckland, is carrying on the galvanising and corrugating of sheet-iron at Auckland, and he has been interviewing the Premier with the view of obtaining assistance by way of an import duty on galvanised corrugated iron. It is an industry which gives employment to a great many people at Auckland. A large number of people are employed in the factory in corrugating iron, and they use the black sheets from the Onehunga ironworks, which are galvanised and corrugated at the factory. For the purpose of carrying it through this process many old people and young persons earn money by collecting scrap zinc which is used in the process. Mr. S. Parker is the

proprietor of the factory, and he considers that at present he is very much handicapped, inasmuch as the imported article is unduly placed in competition with his production. He is willing to submit his iron to any test, and is willing to send some down for Government experts to report upon. I have received a letter from him to that effect. He has interviewed the Premier, and he considers the manufacture to be one that ought to receive some consideration. I desire to place my evidence on record in connection with the matter. I know that a great many people are employed who would otherwise be out of work. It is also a benefit to the iron industry at Onehunga.

6. *Hon. Sir J. Hall.*] Can you state approximately the quantity produced?—The Premier has the particulars. I can get that information for the Committee from Mr. Samuel Parker.

7. *Mr. E. M. Smith.*] Did Mr. Parker state that if the Government would impose an import duty he would double his trade at once?—Yes, I think there is no doubt about that. In a letter I received from him last evening, he asks that the Government should have it used in Government works wherever it is required, so that the public might be made aware of its value as iron for roofing and other purposes. He is desirous of submitting it to a test by experts.

8. *Hon. Sir J. Hall.*] What extra duty does he mention?—He does not name anything special. I can get you the particulars.

9. *Mr. E. M. Smith.*] Do you know the amount of money he has expended in erecting works at Auckland?—I can supply that information later on, as I cannot now tell you from recollection. We had full information put before us when a deputation waited upon the Premier.

10. *The Chairman.*] Would you recommend that Mr. Parker should be communicated with by the Committee in order that he may give a statement for himself?—I think if you would be good enough to send him a telegram he would forward you full information in connection with the timber trade. I wish to state to the Committee that, from information I have had sent me lately, the timber-mills at Auckland have discharged many of their hands; that they are now doing only about half the usual work, and this is attributable in a great measure to the following cause: that the Victorian Government have placed a heavy import duty on sawn timber, while they admit the timber in balk free. The consequence is that the millowners are sending away the bulk of their timber in balk.

11. *Hon. Sir J. Hall.*] Can you tell what the extra duty is?—I cannot mention what is the extra duty. What makes me anxious to come before the Committee on this question is that I have received letters from persons in Auckland who were employed in the timber trade informing me that the mills are not more than half-worked. The timber trade is one of immense importance to the northern district of Auckland. Hundreds of men will be crippled, and the most serious consequences will ensue if no action be taken in the matter.

12. *Mr. Duncan.*] Do you think that having an export duty on balk timber would meet the difficulty?—I think it would. I do not know that it would be quite as satisfactory as having our sawn timber admitted free to Victoria; but I consider that it would lessen the evil very considerably. I cannot lay too much stress on the fact that it is a very serious matter to us in the north.

13. *Mr. Tanner.*] Has not the exportation of balk timber largely increased within the last few years?—It has. That information the Committee will be able to get from the export returns.

14. Is there not a danger of the northern forests being denuded by this great export?—I should not like to express a decided opinion upon that, but I should say this: that, most decidedly, it would be more rapidly denuded of timber by being taken down and sent away in balk, than if it were worked in the colony.

15. Has the export increased the price of timber for local consumption during the last six or eight years?—No, not materially. Of course the effect it has is this: if there was no demand for timber for export, the mills would be closed for a time. They could not sell it locally at a loss; but it has not within the last few years gone up to an unreasonable price. The average price between first and second class would be about 10s. per 100ft.

16. Is most of the timber exported to Australia kauri timber?—The bulk of it is.

17. And the exportation of balk timber is growing?—Yes; that is the complaint. In justice to those persons who would argue on the other side, I ought to say that in the extreme north of the colony there are a number of small settlers who find it an advantage to fell a few trees. They have no means of working up the logs into sawn timber. They dress a few logs, which dealers buy from them and ship them away. In fairness I ought to mention that this is an advantage to a comparatively few people, but that is a small matter when compared with the injury that is being done in the other direction.

18. *The Chairman.*] Do you think the putting a duty on balk timber would very much diminish the quantity of timber exported?—It would diminish the quantity of timber exported in balk.

19. Would that not mean the throwing of a number of people out of employment?—No; in my opinion they must have the timber in Victoria whether they get it in balk or sawn; they require our kauri timber in any case.

20. *Hon. Sir J. Hall.*] Are you in a position to say whether this proposal for an export duty on balk timber is made with the concurrence generally of those who are interested in the trade, or has it come from one or two quarters only?—It would chiefly come from those employed at the mills who are working the timber, but I know from some persons who are engaged in the timber trade that they are in favour of it. I am not prepared to say how the proprietors of the Kauri Timber Company would view it.

21. They are the principal employers?—Yes; but we ought to consider those employed in working the timber.

22. Yes; but we have got to hear all persons' views on the matter?—I think this is a question upon which Mr. Mitchelson and Mr. Cadman, who are both connected with the timber trade, would be able to give valuable information.

23. Who has made the request for an export duty to be placed on balk timber?—My information came from some of my own people in Auckland. Some of my own friends not connected with the timber trade have stated the facts to me.

24. From whom did the suggestion come originally to put an export duty on balk timber?—For the last two or three years it has come from many quarters. I put a question on the Order Paper on the subject three years ago. Many persons not connected with the timber trade are in favour of it.

25. But I suppose others are not?—The small class of persons to whom I have alluded, who deal in timber where there are no sawmills—who buy logs from settlers and have no means of working the timber up—they would be opposed to it.

26. *Mr. Duncan.*] You think the millowners generally would prefer an export duty?—I am inclined to think so. I have no reason to doubt it. But I would be glad if the Committee would take the evidence of Mr. Mitchelson and Mr. Cadman on this subject, as they are engaged in the timber trade. I may say that there are papers and letters in connection with the iron industry and other matters I assisted in bringing under the notice of the Premier, copies of which he promised should be laid before the Committee when deputations waited upon him.

Hon. Mr. BALLANCE examined.

27. *The Chairman.*] We have asked your attendance in order that you might be able to throw some light upon the arrangement made with the Colonial Ammunition Company. Can you state the agreement or arrangement made between yourself and Captain Whitney? It was under your auspices that the Colonial Ammunition Company was first started?—Yes. The only arrangement that I remember was that we should take such ammunition from them as we could, if the quality were equal to the ammunition imported. There were a great many difficulties at first in the manufacture, and complaints were made by the Volunteers of the quality. The impression was that Kynock's ammunition was superior. Representations were made to the company that they would have to improve on the quality, and they imported machinery. I think they imported a different quality of ammunition, and made a great many efforts to bring the quality up to the standard. At the same time we had to go on importing Kynock's ammunition because of the objection of Volunteers to use the colonial-made article. As time went on Whitney and Sons continued to improve, and when I left office in 1887 I think they had been able to overcome most of the objections that were taken to their ammunition. I know of no other agreement than that, except that the desire of the Government, expressed from time to time, was to encourage in every possible and legitimate way the colonial industry.

28. Captain Whitney stated that you promised, when he was starting the industry, that you would support it in every way possible?—Yes.

29. You consider that was done?—Yes, certainly. In fact, there were very strong reasons why we should have given it up at one time. These reasons were that complaints were made by Volunteers in various parts of the colony; but the firm kept on promising that they would improve, and make changes in the machinery to supply good ammunition.

30. It is well to tell you that since that time the evidence of Colonel Hume, Colonel Whitmore, as well as Captain Whitney's statement, go to show that they had succeeded in fully satisfying the requirements?—Yes, I believe they have. I have no personal knowledge. At the time I left office they had made many improvements.

31. Now they seem to complain that the Government have ceased suddenly from taking their supplies from them, notwithstanding the agreement that was in existence, under which agreement the Government have bought some 15 tons of powder and left it for their use, with the understanding—which was a tacit understanding—that they should have the corresponding material required to make that into ammunition. Now they find that the Government are prepared to sacrifice the powder that they bought themselves, and to call upon them to make a sacrifice of the goods they have imported for the purpose of manufacturing ammunition?—I have no knowledge of the details. I have heard something about it. I have made inquiries.

32. They say that what was done was unfair to them. As you were the Minister who originally dealt with them, do you think that is acting unfairly to them?—I cannot say exactly what the Defence Department has done in the way of ordering powder, but I know this: that the Defence Department has lately been acting with considerable caution, knowing that the Snider arm must soon be passed into stock as useless, and that it will be superseded either by the Martini-Henry or by the magazine rifle. It will be observed from Colonel Fox's report that he strongly condemns the Snider barrel as having been worked out.

33. *Hon. Sir J. Hall.*] Do you mean those we have got here?—Those we have got in the colony. In fact, the Snider is condemned. I do not know of any specific agreement that we were to order a certain quantity of powder or ammunition, but, speaking in general terms, of course the department is justified in acting with great caution.

34. *The Chairman.*] Captain Whitney also stated that you promised to put a duty on imported cartridges, and that that has not been done yet. He has been expecting that to be done?—Yes; he wants an increased duty put on sporting cartridges. They ask for a duty of 35 per cent. The justification—the principal justification—for imposing a larger duty upon sporting cartridges is to be found in the fact that I am told a large manufacturing firm in England have expressed the determination of underselling the colonial-made articles, and driving them out of the market altogether. The Government do not propose to deal with the tariff this session, but I am in favour of taking the duty off powder, paper, caps, and other articles used in the manufacture of cartridges. I think that ought to be done.

35. *Hon. Sir J. Hall.*] You mean as an alternative?—I do not say as an alternative altogether. We ought, I think, to allow the material used in the manufacture of cartridges to come in duty free, in order to encourage local industry. With regard to the imposition of a duty, I am inclined to

think we would be justified in putting on a larger duty, for the evidence is clear that they intend to drive the colonial-made article out of the market by underselling. Of course the object of underselling or sacrificing the article is to kill the colonial industry, with the view of ultimately raising the price. I have expressed the opinion that a higher duty ought to be imposed if the object be to undersell and drive Captain Whitney out of the market.

TUESDAY, 16TH AUGUST, 1892.

Hon. Mr. SEDDON examined.

1. *The Chairman.*] We have asked you to give us any evidence that you can in regard to the cartridge manufactory of Captain Whitney and Son. We have already taken evidence from a number of experts, and amongst them the officers of your department, who spoke in the highest terms of the product of that factory. The difficulty with the factory is that, in consequence of a change of the arm from the Snider to the Martini-Henry, they have a large amount of material thrown upon their hands; and that the Government also have a large amount of powder which they imported for the purpose of being manufactured for Sniders. Captain Whitney was here, and he seems to think that the purchase of that powder by the Government was an indication to him that he should provide the other requisites to make the cartridges—that, seeing him in that position, the Government should try to taper off as much as possible, instead of stopping, virtually, the whole supply, which is ruinous to him, and he says will drive him out of the country. I may say that of the experts that have been examined, the consensus of evidence—as given in those documents which I have handed to you for your perusal—is to the effect that the ammunition manufactured lately by Mr. Whitney bears favourable comparison with Ely's, which is the best, and that it is superior to the other ammunition manufactured by the firm of Kynock and Co.; and that the latter people are making great efforts to destroy the possibility of a factory being established in the country, by cutting down prices below the cost of manufacture at Home; that, in order to protect the colonial manufacturer against efforts of a large firm such as that, taxation should be put on in such a way as to give them a chance; and they say that if that were done they would guarantee to supply the Government with ammunition at the price that Ely's manufactory supplies the Government at Home, *plus* charges?—Well, first of all, you must go back beyond the dates you have taken in evidence as to the question of quality.

2. We have evidence that at the start of the manufactory the ammunition was very poor, and it was returned frequently; that by repeated efforts they have now got their factory into a very good working state, and that now it is satisfactory both to Colonel Hume and to Colonel Whitmore, and also another gentleman from the department who was examined; and the manufacture is now all that can be desired, and that the former fault has been remedied?—All we know is that the company to a great extent destroyed our confidence in using the ammunition by the quality of the ammunition they produced. You will see in the evidence of S Battery the testimony of the officer in charge of the filling. He says that in the refilled cartridge bullets were too loose—not enough powder in them; and when attempted to be used they would miss fire. That was ammunition manufactured in 1890; and there is no doubt when I came into office I found the feeling of the Volunteers against the locally manufactured ammunition was very strong indeed.

3. It would be as well for me to state that that has already cropped up in the evidence of Colonel Hume, who qualified it by stating that some of the condemned ammunition was afterwards sent to an officer in Auckland, who tested it, and who gave a report showing that the failure of several trials occurred through badness of the arm. He got a very different result, and a result that was creditable to the cartridges?—That was only in cases of missfire of the Snider rifle; it would not apply to missfires of batteries through loose bullets and refilled cartridges. There have been cases, no doubt, where the weapon itself has been the cause—there has not been sufficient strength in the fall of the hammer to detonate the cartridge; at all events that was the position I found things in when I came into office.

4. Then the Committee are to understand that your impression is that Mr. Whitney has been manufacturing a defective article?—Some time ago the article was not up to anything near the mark.

5. But has not that been remedied?—That has been remedied; the article that we have been receiving, manufactured in 1891, has been a very fair article, and compares favourably with the imported article. Now we come to the question of the importation of the powder. We, by arrangement with Mr. Whitney, import so many pounds of gunpowder, and it is in accordance with that arrangement that this powder has been imported. Had we not imported, and had left ourselves in the position of receiving no notice whatever from Mr. Whitney, and had no powder from Home, that the company would have blamed the Government. We simply import under this arrangement; we did so in accordance with the arrangement. There is no contingent arrangement that Mr. Whitney would take it, or that we would take ammunition equal to the amount of the powder that we imported. Had we been notified by Mr. Whitney that he wished the importation to cease, and that he would not be able to use the powder in accordance with the arrangement, then we should have stopped the importation, because we know that powder with age deteriorates.

6. It has not been made to appear to the Committee that Mr. Whitney was in any way a party to stopping of supply to the Government. It was represented to us that the supply to the Government, for which that powder was imported, was stopped by instructions from the department—that they would not take any more—in fact, by an order being sent Home for some supplies?—The stoppage of the manufacture by Mr. Whitney was simply because there was no demand. It was no part of our arrangement with Mr. Whitney to take more than was required. We were not bound to take his ammunition; we made that clear to him. There was no such arrangement that we were bound to take all our ammunition from him. The quantity that was to be taken, under the

first arrangement, had been taken, so that Mr. Whitney is in the same position as a vendor to the Government as any other persons. He has never notified to the Government, in any way, the question you have raised about the importation of the powder—that that has been an inducement to him to import other material in keeping with the quantity of the powder that we imported. We say that the importation of powder was under arrangement—we kept our part of the arrangement.

7. You say that the importation was under arrangement. Was it not under an arrangement for the supply of cartridges to the Government?—No.

8. Was he at liberty to use that powder for any other purpose?—Yes. We do not question what he does with it.

9. *Mr. Pinkerton.*] You are bound to keep a supply of that powder?—Yes. We contend that by doing that we get a better class of powder. Now, with regard to the prices, the Volunteers, from one end of the colony to the other, complained of the prices that were being charged. We had to get the cartridges from Mr. Whitney; we had to distribute them; we were bound to send the cases back. I found that the Government were selling the cartridges at 8s. 4d. a hundred, and we were losing about 3s. a hundred on the transaction. I then commenced to make inquiries as to the stock on hand, and as to the amount we could get the cartridges imported for; and the result of the inquiry proved to me very clearly that we were paying too much. Not only that, but some Volunteer companies clubbed together and sent Home their own orders. Since that, Mr. Whitney has interviewed me in Wellington. He has offered to supply at the Home prices; but he wishes us to take the published list, to strike an average of same, and make that the price as though it was supplied from Home. In addition to that there was to be freight, insurance, and other charges.

10. Would that include Customs duty?—There is no Customs duty. On those terms I refused, for this reason, to take the published list: after inquiry, I find that you can buy considerably under the published list; that the firms, in publishing the list, have certain reservations—certain commissions, discounts, &c., which are allowed, and so on, and that I can purchase at considerably less than the published list; but I informed Captain Whitney that I was prepared, after ascertaining the English price, to give him the preference at that price—to give him the advantage of freights, insurance, and other charges—so that the point at issue as between us would simply be the question of ascertaining what the English price was. He wanted me to take the published list because it is not really the price that I could get the article for. It is the wish of the Government to give Mr. Whitney the preference, and encourage his industry. The only condition that we asked for was this: we think there is quite sufficient margin in the freight and other charges, without paying him more than what we could buy the ammunition for in England.

11. *The Chairman.*] There is no difference at all?—No difference when we import them—the stipulation of course being that the quality of the article must be as near as possible to the English manufactured article. Now, as to the reason for the importation of the Martini-Henry ammunition. I found there was none in the colony. The store was empty. I had to get 100,000 rounds from Victoria. The thing that Captain Whitney does not seem to have taken into consideration is this: that the rifle clubs and Volunteers who previously used the Snider now use the Martini-Henry rifle. There are more of the latter now, and it is coming into favour year by year. There has been an increased demand for Martini-Henry ammunition and a decreased demand for Snider ammunition, which he does not seem to have taken into consideration at all. Now again, following that, we knew that the Snider must disappear. We know there will be a diminished use for the Snider ammunition in stock; and I consider we have stock enough for some considerable time. Knowing that it deteriorates with age, if we go on procuring, it simply means that in the end it will be a serious loss to the colony, because we shall have to condemn it altogether as being perfectly useless—some manufactured perhaps in 1890 and 1891. Since that there has been a Commandant appointed; and, so far as I have been able to gather from him without having his general report, he condemns in a wholesale manner the old Snider rifles now in use. No matter how good the ammunition may be (and he speaks very favourably of Mr. Whitney's ammunition manufactured in 1891), he says the weapon is obsolete and worn out; and he strongly recommends a change; and, so far as I could gather, that change would be in favour of the Martini-Henry rifle. The Government have ordered some Martini-Henry rifles from Home; while giving no reason why, we should be very careful in ordering Snider ammunition. What is the use of the colony ordering and getting a supply of Snider ammunition manufactured for the purpose of keeping Captain Whitney's works going on, when, from the present outlook, it may probably never be used? It would simply remain as dead stock in the hands of the Government, deteriorating from year to year. When the stock is reduced to a reasonable limit it is our intention, subject to the conditions that I have mentioned, to give the preference to Mr. Whitney's works. As to the question of placing a Customs duty upon the article, and making it payable upon all that is imported—my view of that question would be simply that it means, by a corresponding amount, increasing the price of the article to the Volunteers and those who are using it. Touching the proposal submitted by Mr. Whitney as to ordering plant and machinery for the manufacture of Martini-Henry ammunition, I should be quite prepared, on behalf of the Government, to deal with him as to this class of ammunition the same as with regard to the Snider ammunition. It must be a different powder used for the Martini-Henry rifle. I may say that I have had to sell large quantities of powder, some of it eleven years old; I had to dispose of it for very small sums at a very great loss, for blasting and other purposes. There must have been no system at all. I should, after reading Mr. Whitney's evidence, consider myself justified in relaxing the arrangement as to the importation of powder. This is the first indication we have had from Mr. Whitney that the importation of that powder by the Government was to be taken as a guide to him in importing the other material.

## IRON INDUSTRY.

WEDNESDAY, 27TH JULY, 1892. (Mr. O'CONNOR, Chairman.)

Mr. W. T. HOLMES examined.

1. *The Chairman.*] What is your profession?—General Manager of the Bank of New Zealand.

2. We have asked you to come here to-day to give any information you can in regard to the Onehunga Ironworks, with which you have had some connection. We have a report, which you were kind enough to furnish, from Mr. B. Kent, with regard to Parapara iron-ore, and a memorandum in connection with the same. We have also a memorandum from you in regard to the duty which you think it would be necessary to impose in order to give that industry a fair start. We would be very glad if you can give us any further information with regard to these matters?—The Onehunga Ironworks have been a source of loss ever since they were established. I am not prepared to state all the causes of that loss, but I think one was their inability to compete with the English manufacturers. No doubt the ironworks were disadvantageously placed for the work they were intended to perform, and it is under consideration now to remove the plant gradually to another site, where all the material required—ore and fuel—are on the spot. The great reduction in freights between England and the colony seems likely to be permanent. This is a thing that adds additional risk to the undertaking, and the sinking of capital in it, because now, practically, the principal English manufacturer is next door to his New Zealand customer. Within the last fortnight I have been informed that freights from London to the colony for iron can be got at 5s. a ton.

3. *Sir J. Hall.*] Practically as ballast? Yes, practically as ballast. That, added to the dear labour in the colony as compared with English labour, would very speedily handicap the industry in the colony. It is an industry which, if it had a moderate amount of protection, would develop, and might assume considerable proportions, and employ a large amount of labour. There are descriptions of iron on which, I think, a protective duty ought to be imposed, viz., rod-, bar-, hoop-, pig-, and bolt-iron, boiler-plates, plain black sheet-iron, cast-iron, and castings of all sorts, steel hoops, plain galvanised sheet- and hoop-iron, corrugated black- and galvanised-iron sheets, iron and steel rails for railways and tramways. I think the duty on these should not be less than £1 per ton on such as now come in free, and that there should be an additional duty of like amount on such of them as already pay duty. The proprietors of the Onehunga Ironworks are the possessors of very valuable iron beds in the Collingwood district, at a place called Parapara. A test of that ore has recently been made, on a large scale, with the most satisfactory results. It is doubtful whether anywhere in the world better iron can be produced. The puddled iron, without any admixture of scrap-iron to help it, was put to a very severe test, and worked up in a way that very few irons will admit of without special preparation. It only requires such a duty as I have referred to to establish an industry at Parapara on a very firm basis. It would be equal to supplying nearly all the iron goods required in the colony of the description referred to—in fact, it would supply all, and also supply the Government with all its railway-iron. If that duty was also extended as a bounty on exports from this colony we would be able to supply Australia with their enormous requirements in iron for railway and other purposes.

4. *The Chairman.*] In competition with the Home market?—Yes, in competition with the Home market. I think, with such assistance from the Legislature, the iron industry might be made the largest industry in the colony, and one of the greatest importance.

5. This report you have handed in of the Parapara iron-ore and the memoranda contain all the information with regard to the tests that have been made up to date?—Yes. It was a very thorough test, and made under the supervision of an expert.

6. *Hon. Mr. Mitchelson.*] Have you any information to lay before the Committee respecting the recent test of the ironsand at Onehunga?—The test of the ironsand has been made since the test of the Parapara iron-ore was made. It was tested at the Onehunga Ironworks. I am informed that the iron must be classed as good, but it will not stand the same test as the Parapara iron-ore.

7. That is, the iron after it is manufactured?—Yes. It is, however, a good iron.

8. It is all good iron?—Yes, it is all good iron.

9. You have stated that a very large amount of money was expended in the erection of works at Onehunga, and that the works were not erected at a suitable place: were not they erected to treat ironsand procurable at Manukau Heads in the belief it could be satisfactorily worked?—That is so, but that was the only material available anywhere near where the ironworks were erected.

10. The test proved that the iron could not be manufactured at anything like a price that would leave a profit to the company?—It has always resulted in a dead loss hitherto. The losses at Onehunga have been enormous.

11. From the recent test made, do you still believe that it would be more advantageous to the Onehunga Ironworks Company and to the colony to work the ore at Parapara than to experimentalise with the ironsand?—Well, as far as my information goes, I think the ore could be worked much more advantageously at Parapara than ironsand can be worked anywhere. Mr. Smith, who is present, can inform you more satisfactorily than I can as to the cost of working the ironsand. As far as my information goes I think the Parapara ore can be worked at about one-half the price.

12. *Mr. Tanner.*] Do I understand you to say that when the ironworks were first constructed at Onehunga it was with the idea of smelting the ironsand?—That is what I understand; I was not in the colony at the time.

13. Then, failing in that, they would fall back on the Parapara ore?—For a long time they have worked with scrap-iron bought in the colony and imported pig-iron. It is only within the last few months that attention has been turned to Parapara iron-ore.

14. I suppose it would handicap the industry very much having to get the ore from the South Island to Onehunga?—The industry could not be worked at such a cost.



15. You say that the working of ironsand has been commercially a failure—that it has resulted in a dead loss?—It has not been payable as worked hitherto.

16. Does that apply to the recent tests?—I cannot say how Mr. Smith has worked it out. I have had certain things reported to me in connection with the recent test that lead me to think it will be more expensive to work ironsand anywhere than to work the ore at Parapara.

17. Do I understand that you are not prepared to give an opinion with regard to the recent experiments with ironsand?—Well, not exactly so. I have an opinion. My opinion is that it will cost very much more to work the ironsand than to work the Parapara ore. I may be mistaken in that opinion, but it is the opinion I hold at present.

18. I understood you to say that the iron produced from the ironsand is good iron?—Yes.

19. But not so good as iron produced from Parapara ore?—It has not, I understand, stood the same test as iron from Parapara ore.

19A. Can you in any way account for that?—I suppose it must be of a less fibrous nature, and not so ductile; but I am not an expert in iron by any means.

20. *Hon. Mr. Mitchelson.*] Was there not a test made of the pure iron manufactured from the Parapara ore—that it was doubled up by the striking of a steam-hammer, and did not break?—Yes; it did not break when so doubled up cold; it was doubled and bent quite close without fracture in the bend.

21. *Mr. Tanner.*] Has any attempt been made to smelt the Parapara ore in that locality?—Not that I am aware of. I should like to mention, in addition to the answer I gave to the question you asked me with regard to the relative cost of smelted Parapara ore and ironsand ore, that the Parapara ore would cost, placed in the furnace, about 3s. 6d. a ton.

22. *Hon. Mr. Mitchelson.*] Is that at Parapara?—Yes. In the recent tests at Onehunga with this ore I am informed by the people in charge of the works that 5 tons of pig-iron were drawn off in twelve hours, whereas, in treating the ironsand, the same people informed me that only  $4\frac{1}{2}$  tons were drawn off from the same furnace in twenty-four hours.

23. *Mr. E. M. Smith.*] You have referred to the tests of pig-iron made in the Onehunga works; was that bar-iron made from scrap iron taken from my produce at previous tests, or was it bar-iron produced from recent tests of ironsand?—The test to which I refer was one made yesterday, the result of which was telegraphed to me last evening. It was made on some of the pig-iron that was recently run from ironsand. That is the iron I referred to as not having stood so good a test as iron made from Parapara ore.

24. *Hon. Mr. Mitchelson.*] Who did you receive that telegram from?—From the present Managing Director of the Onehunga Ironworks.

25. *Mr. E. M. Smith.*] Are you aware, with regard to the difference in the production of the ironsand and the Parapara iron-ore, that in the latter there was a large amount of furnace tap-cinder used?—I think I can answer that question. There were two tests made of Parapara ore—one with the pure ore without any admixture, and one with some tap-cinder with it.

26. Are you aware that the furnace, when working the New Zealand ironsand, or my patent ore, never ran long enough to give the full charges?—I do not know that such was the case. The furnace was placed in your charge, and you were left to deal with it entirely at your own unfettered discretion.

27. I suppose you have no objection to be kind enough to attend this Committee, and hear the evidence I will give which will entirely rebut this?—Not the slightest, if I am in Wellington at the time. I do not wish to appear before the Committee as giving evidence against the ironsand. The questions were asked, and I have answered them to the best of my knowledge and belief.

28. Are you also aware that some sheet-iron has been made at your works of the New Zealand ironsand, and that a test has been made? What is the result of the test applied to the sheets?—I understand, from my advices, that the ironsand-iron has been subjected to the same tests as were applied to the Parapara iron in all details, and has proved inferior to the latter.

29. *Mr. Buckland.*] Are you aware whether there was a test of the Parapara iron-ore made with the addition of any extraneous matter?—There was.

30. And that test was a good one?—I have furnished the particulars of that test. There were tests made with tap-cinder and without. 55 tons 6cwt. of pure ore, without any admixture, produced 35 tons 18cwt. of grey and mottled pig-iron of the very finest quality; and 118 $\frac{1}{2}$  tons of ore, with the addition of 60 tons 5cwt. tap-cinder, produced 98 tons 2cwt. of grey, mottled, and white pig. It states in this report of the working of the iron that for practical purposes there is no difference in the quality of the iron produced by either of these processes.

30A. Are you aware whether there has been any test made of the iron-ore obtained in Bombay, in the Whangarei District?—We have been working ironstone from various places in the North. I am not prepared to say precisely where it came from.

31. *Hon. Mr. Mitchelson.*] I know a very large quantity has been taken from Whangarei: is that so?—I cannot exactly name the places. There was a lot of ironstone sent from the North to be tried, but it was very poor in quality, and produced a very inferior iron.

32. *Mr. Buckland.*] What effect would an increased price of coal have on this industry?—It would have a very damaging effect.

33. *Mr. Duncan.*] With regard to the tests of the iron-ore, did you see them conducted?—I did not see the smelting of the ore conducted in all its stages, but saw some of the resulting pig-iron run off. The whole of this process was conducted under the supervision of Government officials. I saw the pig puddled, rolled into bars and sheets, and doubled. Some of it was made into horse-shoes. That was not done on the works, but was done by a neighbouring blacksmith, to whom some of the iron, puddled and rolled in my presence, was delivered for the purpose.

34. *Mr. Buckland.*] Did you see the iron when going through the smelting process?—I did not see the iron when going through the process, beyond seeing some of it drawn off into pig.

35. *Mr. Lawry.*] You have no desire whatever to discourage the test of ironsand?—None at all. Any assistance I can give I shall be most happy to give.

36. You wish the Committee to understand that, so far as the tests are concerned, the Parapara iron-ore is of more commercial value than the ironsand?—I should think so, as far as my information goes; and iron from it can be produced at less cost. There is the small initial cost of putting it in the furnace, which is only 3s. 6d. a ton; and then the much shorter time required to smelt it as compared with the time required to smelt ironsand, which is a saving both in labour and coal.

37. *The Chairman.*] Are there any other facilities at Parapara—any other materials used?—There are limestone and coal adjacent.

38. *Hon. Mr. Mitchelson.*] It is bituminous coal?—Yes; it makes suitable coke.

39. *The Chairman.*] Has the Onehunga Ironworks Company a right to any coalfield there?—The Onehunga Company possess rights to lime, coal, and iron.

40. Then the company would be able to supply itself with those materials, including coal?—Certainly; but I should say that the extent of the coal-deposits has to be proved.

41. What coal has been used at Onehunga?—Collingwood coal coked, and some Greymouth coal, have been used in connection with the Parapara test.

42. Do they use any Newcastle coal?—No, I think not. Limestone, coal, and coke were brought up from Collingwood, so that we might make a test with the products available on the ground.

43. *Mr. E. M. Smith.*] Seeing that the report you have handed in of the test will be disputed by me, will you accept an independent test by the Government as a proof as to which is the best iron in all its stages, and also with regard to the question of cost and all questions bearing on the subject?—It would depend very much on the *personnel* of the Commission that would make the test.

44. *Hon. Mr. Mitchelson.*] If the Government appointed a Commission to make the test, it should be done at the Government expense?—Yes, it should be done at the Government expense. It is not a question on which I wish to set up any rivalry.

45. *The Chairman.*] Mr. Smith's object is to ascertain whether you are quite satisfied with the last test so far, or whether you would be willing that another test should be made, to be conducted by other persons than those under your direction?—Yes, quite willing; if not at the company's expense.

46. *Mr. E. M. Smith.*] There are two brands of iron made, one from the Parapara ore, and the other made from ironsand sent up from our works by the men, free of expense to the company; and the evidence I shall give will prove that the product of the ironsand is far superior to the other production in every shape and form. As to the cost of its production as compared with the Parapara iron-ore, I want that to be decided by an independent authority?—I have no objection to any tests being made if they are not conducted at our expense.

47. *Mr. Tanner.*] I understood you to say that the Onehunga works were placed entirely at Mr. Smith's disposal?—The furnace was placed entirely at his disposal, and he had full control of it throughout.

48. I understood from Mr. Smith that the ironsand had not a sufficient test in the brief time allowed?—That was suggested by his question.

49. Was the time placed at Mr. Smith's disposal unlimited?—Yes; I think Mr. Smith will bear me out in that. There was no restriction whatever. He was given fair play in every way. Mr. Smith admitted this to be quite correct. I would like to add one thing: the report on the test is made by a gentleman who had sixteen years' experience in the largest ironworks in England, several years in a managing capacity.

50. *Mr. Duncan.*] In what works was he engaged?—In the Cleveland Ironworks.

51. *The Chairman.*] Was he brought out by the company to undertake these operations?—No; he came out for the benefit of his health, I believe, and was invited by me to give the company the benefit of his experience in superintending the tests.

WEDNESDAY, 10TH AUGUST, 1892.

Mr. E. M. SMITH, M.H.R., examined.

1. *The Chairman.*] You have volunteered, Mr. Smith, to give evidence upon the iron industry?—I wish to supplement what Mr. R. Thompson has said about the galvanised-iron industry in Auckland. I know that they have very extensive works, and are turning out an article equal to the very best English: they are also of very great assistance by taking the black iron made at the Onehunga works and using it up; and if, as Mr. Holmes in his evidence has stated, the tariff were increased to the amount proposed by him, this industry would be permanently established in the colony. This is all I have to say on that subject. So far as my own affair is concerned, I do not wish to enter into any controversy, or attempt to prove or disprove anything stated by Mr. Holmes. I quite agree with him that the tariff he proposes to put on will be the means of establishing permanently in New Zealand the iron and steel industry. So far as to the difference in quantity or quality in the work from the ironstone or ironsand, that will be dealt with by private enterprise. I may state that, after devoting twenty-six years to the manufacture of iron in New Zealand, it appears to me the time has arrived when we can make the whole of our rolling-stock and plant for our public works and railways in the colony out of colonial material at a cheaper rate and of a better quality than that which is now used in the colony and imported from other countries. The samples that I have on view here, if submitted to experts, will prove the truthfulness of my statement. That is all I have to say. I have some correspondence here that I would like to be read. There is one other thing that I should like to say—it is this: It is not likely that a Committee of this kind could go sufficiently extensively into the question. I would suggest that this Committee should recommend the Government to appoint a Royal Commission to go fully into the matter, and to deal with it and the coal. I consider it a subject of sufficient national importance to justify them in doing so.

TUESDAY, 16TH AUGUST, 1892.

Mr. WILLIAM CABLE, Ironfounder, examined:—

1. *The Chairman*]. You are aware of the purpose for which this Committee has been appointed?—Yes.
2. Will you now kindly give an expression of your opinion in regard to the possibility of so dealing with the iron industry as to encourage the manufacture of iron without unduly depressing or injuring other industries connected with the working of iron throughout the colony?—My opinion is that the country is not sufficiently developed for that industry to be started.
3. In what way?—There is not the population.
4. And there is not the market?—There is not the market.
5. Well, these are matters which those persons seem to have already considered, and they are satisfied to the contrary, because at the Onehunga factory they have already expended a large sum of money, and it is the intention of the proprietors of that foundry to remove to Collingwood, where they have already acquired a large interest in hæmatite, coal, and other requisites for manufacturing iron. What they say is this: Although labour here is higher, the facilities for providing all the raw material required is very much greater than in Europe, consequently with a little help in the way of the tariff they would be able not only to compete, but to supply a very superior article to anything that is imported, and this Committee—several members of this Committee—are satisfied that hæmatite, and the iron that has been manufactured at Onehunga, is really as good, if not superior, to the best iron imported. I dare say you have seen some of it yourself?—We use the Onehunga bars.
6. That is the position that industry now stands in before this Committee. Of course it is not our place, Mr. Cable, to inquire into their business; they give sufficient guarantee of their *bona fides*. I dare say you will agree that it would be an immense benefit to everybody, not only connected with the industry, but in the colony, to use all the iron, if we could produce those things ourselves. They say, without difficulty they can produce railway-iron, plate-iron, wrought-iron, and other iron, and supply it. This is shown by the samples they produce. Everyone agrees that it is very superior iron: The consensus of opinion is that, although there may be a difficulty as to producing the ironsand-pig at a paying price, there seems none at all with regard to the hæmatite?—Well, I have no data to go upon as to what you propose to do.
7. The proposition is to put a tariff upon the raw material—bar-iron, sheet-iron, plate-iron, ship-plates, galvanised-iron sheet, and all those materials. The proposal is to levy a duty of about 20 per cent. Of course we shall be very glad to hear anything you have to say on the matter. Your industry is already protected, is it not?—Well, that is so.
8. How will you be affected by protection being given to the industry before you?—Well, I am not in favour of a duty being put on the raw material. I consider it will unnecessarily hamper the development of the country generally for the benefit of a few. While there is no protective tariff we have the full advantage of reaping the benefit in the latest iron manufactures, and we take advantage of it.
9. Do you think it would injure the foundries and ironworkers if a duty was put upon ship-iron, ship-plates?—Yes.
10. Upon ordinary sheet-iron—black-iron?—Yes.
11. Galvanised-iron?—Well, as to the galvanised-iron, I do not give any opinion.
12. You would not object to it?—I simply do not know anything about it.
13. It would not affect your trade?—No.
14. Now, what do you say about the ordinary rod- and bar-iron?—Well, it would simply increase the cost of it to the whole community, the market being limited. This is the point I wish to direct your attention to—the small market in New Zealand. The mills could not possibly afford to stock the many and varied forms and sizes, and the consequence is they could not possibly have rolls for all sections of bar-iron. I therefore object, as a practical man, as the scheme is to my mind purely visionary.
15. To suit all classes of iron?—Yes; it is simply impossible. At Home they can turn out plates of such a size that it would be simply an impossibility to make them here. It would be a hardship to have to pay duty on material, more especially that which could not be manufactured in the place. There is one thing I should like to mention: There is no proposal to make mild steel here. Now, I would protest against any duty being put on mild steel, simply because of a proposal to make iron here.
16. I understand your protest would go very strongly against any duty being put upon any product that could not be manufactured in the colony?—Yes, most decidedly, especially on products that materially assist colonial industries.
17. Anything further?—No; I think that is all.
18. *Mr. Tanner*]. Have you used any of the Onehunga iron?—We have used bars that have been rolled from scrap.
19. English scrap?—Yes.
20. You have used none of the native product?—Well, we have used bar-iron, what I understood they have been rolling out of scrap. They did not give us any information. They do not say what they make the iron of.
21. What is your opinion of the quality of the bar of hæmatite produced?—It is fairly good.
22. Is it equal to anything imported?—It is not equal to Lowmoor or Swedish. I refer to the time before they started to make iron.
23. You protest against any duty being placed on mild steel?—Yes.
24. Are you aware that the people in Auckland, by late experiments, claim that the iron they produce is equal to the best mild steel?—No, I am not aware that they have done so; but the mere fact that they claim that is no proof that it is so.

25. I am not saying it is?—You would require to be cautious in jumping at this sort of thing. The mild-steel manufacturers are all under the Board of Trade surveyors at Home. The plates, more especially for boiler purposes, are all tested, and I find from the Board of Trade list that there are plenty of steelmakers at Home whose brands are not recognised by the Board of Trade. If I sent Home an order for steel-plates, and did not get the brand recognised by the Board of Trade, I could not get it passed by Inspectors of Machinery here.

26. That means that some of the material in the market is guaranteed?—Yes.

27. Others are not?—Yes; it is not guaranteed; but, according to the Board of Trade regulations, you cannot make a boiler of any steel that is not of a recognised brand.

28. Are you aware that last year about one hundred and thirty thousand pounds' worth of iron has been imported here?—I am not aware.

29. More or less in a manufactured state?—Yes.

30. If we depend on the Old Country for our supplies of raw iron, what would be the effect if our communication with the Old Country were cut off by a foreign war?—That is a subject that I must admit I have not studied.

31. Would it not send up the standing price of iron?—Well, it would naturally enhance it; it would all depend on the severity of the struggle, if it did take place.

32. Would not the community in that case suffer very heavily?—Well, they would not suffer any more than they would provided you supported those iron-works with the proposed impost of 20 per cent. There is no war, but the moment a war breaks out we know that manufacturers generally take advantage and raise prices; they put the price up to the foreign price all the same. You do not tie them—the Onehunga Company—down that they are to sell the iron at a certain price per ton. Suppose war were to break out to-morrow, with or without a tariff, we will suppose, for instance, what they are selling now at £10 would be £20. I do not reckon there is any relief in that so far as the tariff is concerned.

33. Are you not aware that this Committee have received assurances that, in case the duty is raised so as to protect their industries, they will guarantee that no increase in price takes place?—I should not care to trust them.

34. You do not think their assurances are of much value?—No, I do not: I know it is the English market that rules the price of iron in New Zealand.

35. *The Chairman.*] Do you not see that this argument is rather against your own position as to protective industry?—No.

36. *Mr. Pinkerton.*] We can put on a high duty on the manufactured article?—Yes; you can take it off too. I may say that I am not aware that the protection tariff of the Atkinson Government has done any appreciable good. It has not increased the price of the manufactured article. It has not done the engineering trade any good at all; and, as far as I am concerned, the present Government is perfectly at liberty to wipe it out.

37. Has it not in some way increased the volume of the trade?—It has not.

38. Are there not more engineering works carried on now?—No; there are less.

39. And there is no profit accruing from the existing tariff?—Practically the volume of trade is no larger.

40. And the import trade has not been diminished?—No; the financial position of the trade is even now worse than before the tariff was put on.

41. Was the volume of the colonial trade not increased? Has it not tended to keep the imported article out of the market?—No; as far as my knowledge is concerned, it has not increased the volume at all.

42. Do you think the falling-off in the trade has been affected by the stopping of public works more than by any thing connected with a protective tariff?—Well, there is no doubt the stoppage of public works had a certain depressing effect, only the tariff came subsequent to stoppage of the works.

43. And supposing the public works had been going on at the rate they had been when the tariff was introduced, what effect would it have had then?—I do not believe it would have had any effect as far as affecting the iron foundries.

44. *The Chairman.*] Do you mean to say by this that the proportion of the manufactured article in this colony still bears the same relation to the manufactured article at Home as it did before the tariff?—Yes; that is so, as far as my experience goes.

45. Do you not think, by giving some encouragement to the iron productions of the colony, seeing that we have plenty of ore in the country, it would be a safeguard against any such interference—that it is not so much the enterprise as to have a certainty of supply?—Well, I consider you are looking a long way for bogeys. I would take the risk.

46. This is a list of articles which the ironmasters gave to the Hon. Mr. Seddon from the firm of John Birch and Co., Liverpool, of iron and steel lap-welded boiler tubes, and accessories, when they waited upon him a month or six weeks ago, and asked to have the tariff rectified with regard to the articles mentioned, as they press unduly on the trade. [Printed list produced.] You want the present tax taken off these articles?—Yes.

47. *Mr. Tanner.*] You find the difficulty in the tariff in your trade to be this: that the finished article in one trade becomes the raw material in the more advanced trade; as for instance, cloth is a finished article with the weaver, but is raw material with the tailor; and leather is a finished article when it leaves the tanner, becomes raw material for the bootmaker?—That is so. My complaint is that the raw material should be free of taxation. What I would suggest is, from my experience of the tariff and the Customs together, that a practical man ought to be appointed to give advice to the Customs authorities. Some practical man should be appointed to look after this matter. For instance, with respect to bolts and nuts, they cannot possibly be manufactured with advantage in this country, and we wish to be put on the same level as coachbuilders, whose bolts

are admitted duty free. My contention is, that if these things were admitted free, we could turn out manufactured articles at a price that would be conducive to the extension of trade. The duty on the articles mentioned in the list produced increased the price of the locally-manufactured article in comparison with the imported article with the duty.

48. *Mr. Pinkerton.*] You mean that the duty has been put on without benefiting anybody?—Yes.

49. Purely for revenue purposes?—Yes.

50. And upon articles that cannot be made here with advantage?—No, not with advantage. There is not the volume of trade in any particular line to make it advisable to manufacture them. For instance, corrugated-boiler furnaces are an English patent, and they are specially manufactured by people who have got a very extensive, scientific, and expensive plant, and are treated in gas furnaces. It would be simply impossible to make them, while at the same time there is a duty of 20 per cent. on them. It would be of great advantage to the trade if the Government would admit the whole list of articles free.

TUESDAY, 23RD AUGUST, 1892.

Mr. CHARLES MANLEY LUKE examined:—

1. *The Chairman.*] You are an expert in the iron-trade, and the gentlemen by whom you are accompanied are all interested in some way or another with that trade?—Yes.

2. Will you proceed to make your statement?—We are aware that a great deal of evidence has been taken on this subject. Amongst others you have had the evidence of gentlemen interested in the establishment of ironworks at New Plymouth, and the manufacture of iron at Parapara, and also the development of hæmatite iron, &c. The proposal they make is: that Parliament should impose a small tax upon the raw material, in its different forms and sizes as used in this country; also, that a percentage be put upon galvanised and corrugated iron, with the object of assisting these industries. On the other hand, evidence has been given by Mr. Cable in favour of the duties being taken off certain of these articles imported into the colony. A list of the articles, off which Mr. Cable proposed that the duty should be removed, is now, I understand, before the Committee. What we say is that, instead of imposing fresh duties, the existing duties should be taken off the articles named in that list. It would most decidedly be a mistake to impose fresh duties on any of those articles; on that point we are all agreed. I cannot speak in reference to the galvanised iron manufacture, not having any knowledge of that particular industry; but I have heard the evidence (*vide* pages 11 and 23), and I think it advisable to give some sort of assistance to that industry.

3. Will you give the Committee your reasons for thinking that the duties should be remitted instead of fresh duties being imposed?—With regard to putting a duty on what we term “raw material,” the effect I take it would be to build up one industry so as to establish for it a monopoly in the immediate future, at the expense of some hundreds of other industries, all engaged in the use of iron as a raw material, and to whom the use of these raw materials is of the first importance. In my opinion, the effect would be to destroy a large proportion of the industries either directly or indirectly dependent upon the iron-trade. Neither do I think sufficient has been shown to warrant the impost proposed as has been suggested.

4. How do you arrive at that conclusion?—There are a number of other industries besides the iron-trade itself to be considered. There is coach-building, for example, and house-building. If a duty be put on the raw material in addition to what is imposed in the meantime, the addition to the present charge would be so great as to become a great hardship upon purchasers, and it will place many articles of this kind at present in use in the colony beyond the reach of those who would otherwise be encouraged to go in for them. We find already that in some of our colonial speculations, of great importance to the enterprise of the colony, that the first cost is being of so much moment that in many cases these enterprises are not being entered into. I think that under present arrangements many of our industries are not adjusted in the matter of import duty in a way which tends to the good of the country or the benefit of those embarked in the pursuit. If those to whom this raw material is of the first importance are enabled to get it into the colony free, the result will be that many languishing industries would not merely be kept alive, but in some cases further developments would be created. Then again, it seems to me that the demand for iron in this country, since the public works-policy has been closed down, has become of such a trifling account that the proposed duty is not calculated to create more than one industry in the manufacture of iron. I believe the effect would be exactly this: the duty you put on the raw material would be put on the iron manufacture in the colony. There would be the absence of competition created when there are two or more concerns embarked in the same enterprise, and would not be to the advantage of the manufacturer. That I think is an outline of our views on this very important matter.

5. You complain that the duty proposed to be put on iron would have the effect of crushing the coach-building trade. What is the amount proposed to be put on the material belonging to that trade?—Twenty per cent. I think.

6. What would that class of iron be worth per ton?—It is difficult to calculate. Ordinary bar-iron is worth about £10.

7. *Mr. Smith.*] What is shoeing iron worth?—I should think about £12 or £12 10s.

8. *The Chairman.*] Then, do you say a burden of 20 per cent. on an article worth £10 would have the effect of crushing an industry out of the colony?—We have this fact before us: that works established for many years in the colony, obliged to import the material, have scarcely made any progress.

9. You are alluding to the coach-building trade: does the same thing apply to implement making?—I do not know.

10. Then, you believe that a burden of £2 on an estimated value of £10 or £12 would have the effect of driving an industry of the kind out of the country?—I believe it would have a very great effect on the engineering and boiler-makers' trades. Also, I believe it would be an important item to the iron-founders in the country, and others associated with the building-trades. I mean by that, in the making of columns, girders, and other ironwork in use for buildings. It would mean 20 per cent. additional on the cost of all these articles, and the substitution of wood for ironwork.

11. Do you think that wood would be substituted for iron in the manufacture of girders and columns?—Yes I do.

12. Then, I understand you to say that the effect of this impost would be to drive the iron-trade out of the colony?—Not quite; I say its effect would be a substitution of woodwork for iron for portions of buildings, such as girders and columns. In these cases undoubtedly hardwood would be used. In some cases even now it is a question of cost, and in one or two cases wood has been used. My fear is that if duty is put upon the iron, hardwood will be almost universally used.

13. But they could not substitute wood in the making of boilers?—Oh no; not boilers.

14. But you think this 20 per cent. would induce the builders to adopt wood instead of iron girders?—Yes I do. In fact, instead of hampering the manufacturing trade with fresh imposts, my decided opinion is that an industry of the kind, such as manufacturing iron, as proposed, should be fostered by way of the granting by Government of bonuses.

15. You would prefer, then, that an industry of this character should be encouraged by the granting of a bonus?—Yes, that is certainly my opinion.

16. Do you know if that is the view of the trade generally?—No, I am not at all sure of that.

17. *Mr. Smith.*] Can you say if the raw material found in the colony is equal, or rather superior, in its quality to the imported article?—I believe this: that if the iron I saw of yours can be put into the market at the price charged for the imported article, your iron, I have no doubt, would have the preference.

18. Do you think the people in the trade would join in establishing workshops in New Plymouth, if I could assure them of wrought-iron at a cheaper rate and of better quality than they could import it into the colony?—If you do that, without imposing a duty, then I say the industry should be supported in the country. I would like also to mention that the duty is put upon so many\*odd sizes that it is most inconvenient, and produces only a very small revenue.

19. *The Chairman.*] Do I understand that remark to mean that you are of opinion the Government should exercise discrimination, as to the imposts to be imposed, so as to relieve the industry from any unfair or unusual taxation?—That is so. I wish to state that I am aware of my own knowledge the coach-building trade is in a languishing condition; a number of portions of undergear and other ironwork parts are now imported, in spite of the duty imposed upon them, and if we put further duty upon the raw material, which is the portion used here in manufacturing, it will make it still more difficult to manufacture as against these imported lines.

20. Take other branches of the trade, for instance, railway-iron?—It seems to me that the requirements of the colony in that direction will be so small that it would not be wise to put the duty on that class of iron—I mean, on steel rails.

21. *Mr. Smith.*] You are aware that all the rails now in use are manufactured out of steel?—Yes. That being the case, it forms a strong argument that while we may manufacture some of the lower grades of iron, it would be very difficult to manufacture the higher qualities, and especially so as regards large steel-plates for boilers, and rails required on our permanent-ways.

*Mr. Luke:* I would also wish to add, for the information of the Committee, that I am generally in sympathy with the assisting what may be termed legitimate industries, and for that purpose certain duties may be desirable; but we must discriminate carefully which are industries likely to become of importance to the colony and afford employment to our artizans and labourers.

Mr. DAVID ROBERTSON examined.

22. *The Chairman.*] Your occupation and address?—I am an ironfounder, residing in Wellington.

23. You have heard the evidence given by the previous witness, Mr. Luke. Have you anything to add?—I would like to say this industry of ours has been fairly represented as one of the most languishing in the colony. There can be no doubt but that it is suffering from various causes, and that such is its present state from one end of the country to the other. I was one of a deputation who interviewed Ministers. Our object was to secure relief for the trade. We were referred to this Committee, where a full opportunity would be given to us to go fully into the details of all the circumstances of our case. We are all agreed on this point: A very material assistance would be rendered if we could get the raw material entirely free of charge. It would tend to cheapen the manufacture, and thereby enable us to compete with other markets. That is a well-established fact, and is acknowledged all the world over. In the prosecution of this industry we have really no manner of protection. We are taxed to the fullest extent. Indeed, a great many of the things we use—I mean implements, &c.—are heavily taxed through the Customs revenues and otherwise. On the other hand, all the things we manufacture are admitted into the colony free of charge. To make our case as clear as possible, and leave no room for misunderstanding, we have prepared a list, now read and produced, of the articles upon which we think the duty should be remitted.

24. This list contains a list of the articles you consider should be admitted free of duty—I mean, your deputation think they should be admitted free, as representing the trade?—That is so. I will give you a case in point which will illustrate the serious disadvantage in which the industry in New Zealand is placed. A contract was let for fitting up a dairy factory, and it was secured by a Sydney firm—Tangye Brothers of that place. The establishment—I mean, the machinery and fittings for the factory—was admitted into New Zealand free of duty. The Sydney firm

was thereby enabled to do the work at a cheaper rate than it could possibly be done in New Zealand; and then, after doing the work which ought to have been done in this colony, the colony admits the work free of all impost. That is only one of many similar instances which might be mentioned. The machinery required for freezing purposes is likewise admitted into New Zealand free of charge; and having, moreover, to pay much higher rates for our labour, we find it quite impossible to compete with the outside manufacturer. Indeed, the only protection or chance we get to compete with the outside market arises from the isolated position we occupy in New Zealand. The distance we are situated at from other countries where these things can be manufactured enables us at times to get an order, but that is about the only protection we have got. When the purchaser can afford to wait long enough for the fulfilment of his orders the chances are he goes straight away to the foreign market. I have no wish to discourage Mr. Smith in his efforts to develop the Taranaki ironsand; but of this I feel quite confident: it will be a very long while before he is able to produce the steel plates absolutely necessary for the manufacture of boilers. There are only about seven or eight makers of that class of material in England where work is equal to the inspection required in the manufacture of boilers. As to the propriety of Government granting bonuses for the iron trade, I do not agree with the views stated by Mr. Luke.

25. *Mr. Smith.*] Are you aware the New Plymouth iron material has been tested by Messrs. Cranwell, of England, and in their report they say that it discloses the very best material for the manufacture of iron and steel work?—I am not aware of that.

26. Are you aware that the iron produced from the Taranaki sand shows a pressure of fifty-five tons to the square inch?—No; it may turn out better than I apprehend.

### GALVANISED- AND CORRUGATED-IRON INDUSTRY.

WEDNESDAY, 17TH AUGUST, 1892.

Mr. THOMAS BALLINGER examined.

1. *The Chairman.*] What is your business?—Plumber and metal manufacturer.

2. You propose giving evidence with regard to the iron industry?—I have been called for that purpose.

3. The principal object of the inquiry of the Committee, as to the iron industry, is in regard to a proposal that has been made to the Committee to put a tax upon bar, bolt, plate-iron, pig-iron, and raw material generally, in order to encourage the establishment of manufactories of iron from iron-sand and from hæmatite in the colony. Therefore the Committee would thank you for anything you have to say as to how it would affect your business. There is also a proposal from some persons engaged in the iron industry to take the duty off certain articles that are now paying duty, such as bolts, nuts, &c. Will you tell us first of all what particular work you do in iron?—I started to galvanise some two or three years ago. I imported the black sheet. My experience has been a very sad one. I lost money over it, and I got sick and tired of the whole thing. I certainly should not have started it if it had not been for the duty on what I may call the raw material, that is the plain galvanised sheets. It used to be free; that was our raw material, we used to make it up into shapes.

4. Your business is not to galvanise the iron?—I started to galvanise the iron because of the duty that was put on the sheets.

5. *Hon. Sir J. Hall.*] You started it in 1888, I believe?—Yes, about that year [after referring to letter]. I stated I wrote to the Colonial Treasurer on the 11th May, 1887, on the subject of galvanising.

6. *The Chairman.*] Would you now tell us your opinion as to the position of the trade, and how it would be affected by any of these proposals that I have named to you, or how you would be affected yourself?—It would simply make a monopoly. There is no question about that.

7. Kindly explain?—Why it would simply put all the iron trade through the Onehunga Ironworks. That is what I gather is the idea. There would be no competition. I have imported black sheet from the Onehunga Ironworks, and I found it cost from 21 and 22½ per cent. more than what I can land it from Home.

8. *Hon. Sir J. Hall.*] At present there is no duty?—No. There is real competition at Home. It is the wages which are against all local industries in this colony, and the short hours that we work; we only work forty-six hours a week. They work fifty-four hours at Home, I believe. Coal is cheaper, and also the acid that is used. If the labour was cheaper out here the coal would be cheaper. The high price of materials is caused by the extra cost of the labour.

9. *Mr. E. M. Smith.*] Are you aware there is likely to be one or two other companies manufacturing the same class of goods; if so, it could not possibly give the Onehunga factory a monopoly?—No; I am not aware of anything of the kind. I should not think it would pay any other company to start; that is my experience.

10. Why do you think it would not pay any company if it started under better conditions?—The question is what would be better conditions?

11. *The Chairman.*] You are not aware what are the better conditions?—No.

12. Having pointed out to the Committee the difference between the hours of labour and the price of labour in the Old Country and this country, do you not consider that a reason why a moderate protection tariff should be put on?—A moderate protection tariff is no use.

13. Well, a protection tariff?—It is the greatest mistake possible to have a moderate protection tariff. If there is to be protection, let us have it pure and simple; it must be prohibitive.

14. What amount of duty do you think would be sufficient? What do you call an effective duty?—It is not a question of the amount of duty. There is a prejudice against local industries; it is a very great prejudice. I am speaking from bitter experience.

15. You say a moderate protective tariff is of no use?—Yes.

16. Will you explain what you consider would be an effective tariff? Give us the figures in your particular case which bear upon the class of goods you manufacture. Take a bar of iron.—The duty must be absolutely prohibitive in such a case, say 50 per cent.

17. Otherwise you think it would be unworkable?—Yes; and also because of the prejudice against things made in the colony. It is only the manufacturer who knows of that prejudice.

18. Do you think that prejudice is founded on good reason—that the imported material is better material?—No, I do not think it is.

19. You say there is an unfounded prejudice, that the imported article is generally of better quality?—I think often the prejudice is unfounded, but still you cannot get past it.

20. What is your opinion of the duty on raw material—bolts and bars; and what would be the effect of imposing, say, a 25 per cent. duty? What would be the effect upon the manufacturing industries of the colony?—Well, the effect would be of course that it would improve Auckland, because the works are there.

21. I do not mean the ironfounders; I mean the people who work up iron—the implement makers. What effect would it have on that trade?—It would cost more for the raw material.

22. Unless an equivalent duty were placed on the manufactured article, it would not stop the manufacturing?—There are always certain industries that will go on in spite of the tariff. It is a harassing business this tinkering with the tariff.

23. *Hon. Sir J. Hall.*] Would it be necessary, in order to maintain industries, that an equivalent duty should be placed on iron manufactures?—It is a very wide question.

24. Yes, it is a very important question?—There are so many things made at Home, that are patent.

25. Well, take agricultural implements?—I do not understand it. I refer to water-engines.

26. *The Chairman.*] It is not manufactured here?—Yes, they are made in Dunedin by A. and T. Burt, and Anderson and Morrison. I imported a Ramsbottom engine, and there is a duty of 20 per cent. on that engine. It cannot be made in the colony; but the duty does not improve the selling of the locally-made article.

27. *Hon. Sir J. Hall.*] Take the case of agricultural implements, they are now free of duty, and the raw material is also free of duty. If a 20 per cent. duty is put on the raw material, would not that also necessitate a duty of 20 per cent. on agricultural implements?—Yes, certainly.

28. And if that were not imposed, what would be the result to the agricultural implement makers?—All the agricultural implements would be imported.

29. And the locally-made implements would be shut out?—Yes.

30. You have cast some doubt on the quality of the iron?—It is equal to that made at Home. [Specimens of sheet-plates made from iron-sand at the Onehunga Ironworks produced.]

31. *The Chairman.*] What do you think of that material?—This is very good iron; there is no mistake about that. Every little speck on galvanised sheet-iron, such as I see on this iron, would condemn it out here; but, would not be noticed if on imported iron.

32. You have seen the products made from iron-sand; do you think they bear favourable comparison with anything that is imported from Home?—Certainly; from the samples produced. The question of price is the difficulty.

33. You say you have been engaged in the galvanising trade?—Yes.

34. In what way could it be assisted by the Government so as to enable it to become vigorous, and a paying industry in the colony?—As far as I am concerned, I have been so disgusted with it, so much so that I do not intend to do any more of it. I put up the building and land for sale yesterday, which I built for the galvanising works, and the best offer was not equal to the price I paid for the land.

35. To what do you attribute that?—To the enormous cost of the acids to start with.

36. Is there a duty on acids?—No; there is the freight, which is very high on acids; and the carboys that the acid is packed in are of no use out here.

37. What acids?—Sulphuric and muriatic acids. They can be bought for half-a-crown a ton at Home. It is almost a refuse at Home. Then we have all the waste products, the ashes from the bath and the hard spelter. We have no method of working this stuff up; it has all to go Home. All that the people at Home have to do is to take it next door and get good stuff for it. There is everything against these industries in the colony.

38. Is there any other material used in the manufacture?—Spelter is not a product of New Zealand. Before I started galvanising I used to sell my old zinc at 4s. 6d. a hundredweight, and when I got into the galvanising trade I had to give Chinamen as much as 14s. to be able to keep going. I could not get enough; I had to import the raw material from Home. I have had iron from the Onehunga works, and I like it very well; but the price is against it, especially for Wellington, on account of the freight, wharfage, and other expenses.

39. What is the freight from Auckland to Wellington?—12s. 6d. a ton.

40. What is the freight from Home?—Just now it is about £1 0s. 6d. a ton.

[*Vide* also evidence of Mr. T. Thompson, page 11.]

#### LEATHER INDUSTRY.

FRIDAY, 19TH AUGUST, 1892.—(E. O'CONNOR, Esq., Chairman.)

Mr. McWHIRTER, resident at Petone, examined.

*Witness:* The question has been long asked throughout the colony, "What is the cause of so much stagnation in the leather trade?" and a meeting was held at Kaiwara in the early part of this year to consider the matter as it relates to tanning and currying. I was deputed by the meeting to travel through the whole of the colony and make investigations at every yard. In every instance the employers told me that it was impossible for them to work full time in their yards and to sell at a



profit; which simply means that when the yards are not fully going the hands are not fully employed, and in order to compete with the imported article, it would be necessary to have a little extra protection from outside, especially American competition. In Auckland I found that they were much in the same position as Wellington. I always made it my duty in every yard that I called at to first see the manager and state the matter to him. I was everywhere received with open hands and a unanimous opinion—in no instance was a single signature refused to a petition I carried, praying for a readjustment of the tariff on leather, which has since been presented to Parliament by Mr. McLean, bearing 280 signatures. I found in travelling the whole colony that the trade had fallen away considerably. Dunedin ten years ago was larger than it is to-day. I found the following yards in operation: Auckland, 9 yards, 82 hands; New Plymouth, 2 yards, 5 hands; Wellington, 2 yards, 75 hands; Christchurch, 4 yards, 71 hands; Dunedin, 4 yards, 47 hands: thus making a total of 21 yards, and 280 hands. In Dunedin ten years ago there were only two yards, and one of them employed 40 men, whereas the four together only now employ 47 men. I should say that ten years ago 80 men were employed in Dunedin alone, or about 40 men more than at present; indeed, there has been no improvement in the trade anywhere, with the exception of Wellington, which has added an additional tanyard. A leading Wellington leather manufacturer informs me that if the present state of trade continues he would have to ask his men to accept a reduced rate of wages, in order to enable him to compete with the imported article. Taking an average of the total output during the last ten years the result would show little or no increase; whereas during the last ten years the boot-factories doubled themselves, and our trade has therefore fallen back, owing to the employers being unable to manufacture against the imported article. Now, since the tariff of 6d. was put on harness-leather, that branch has shown a considerable increase—that is, where one man was employed before, there are now two. In our own yard there is an increase of five as compared with two. The same is true of Christchurch. The saddlers have not grumbled in reference to this increase of duty. Another piece of evidence that I collected while travelling through the colony was, that some importers had the shoe-manufacturers in their hands, so that the shoemakers were compelled to use the imported article, otherwise they would not take the boots back from the manufacturers to sell throughout the colony.

1. *The Chairman.*] You mean that, in addition to selling the imported leather, the merchants also sell the manufactured article?—I mean that the manufacturers are financially at the mercy of the importers—that is, they take boots back and sell them for the manufacturers. Stagnation in trade is not due to want of material. Imported East India kip is sold at 1s. 4d. and 1s. 10d. per lb. We are compelled to lower it down to 1s. 2d. and 1s. 8d. per lb. You might wish to know the reason why we have to reduce it to this price. On East India kip there is only 1d. per pound duty, while on kip there is 3d., that is, ordinary kip; so that you see how importers, in influencing the tariff arrangements of 1888, were very careful to keep the duty off East India kip, owing to their large trade in this line. All other classes are rated at 3d., and the East India, which is the best article, is admitted at 1d.; this is the article which crushes us. The amount of kip (including also cordovan, kangaroo, levant, cow- and horse-hide) imported during the years 1891 and 1892 was 23,600lb., upon which a duty of £295 was received, while sole leather and East India kip amounted to 323,760lb., and at the rate of 1d. per pound duty contributed £1,349; therefore ordinary kip contributed at 3d., £295. The employers are fully alive to a reform in this direction, and they intend to go in and manufacture East India if they can get a fair duty put on; they are unanimous from end to end of the two islands. I saw Mr. Bowron, a leading manufacturer of Woolston, in Canterbury, and he said, "Well, that will not pay at all until we can compete with the imported article." So that if a duty was put on, it would enable the manufacturer to import the article raw, manufacture, and sell it in the colony. Tweed is only buff kip, so that if the word "buff" was put into the tariff it would stop any fraud by importing under the term "buff kip." Enormous quantities of what is called tweed or buff kip is imported from America, and it cuts us out terribly, because it cuts off all our outlet from that class of goods, as it is sold at a very low figure, from 2s. to 2s. 4d. a pound. Tweed is very light, and the price of the article must be raised when it is made thin—that is, the price per pound. The sides, which are imported from America, are sold at from 13s. to 14s. per side; it costs 1s. more to manufacture the article locally and take the grain off, which leaves us no return. In America they have all the appliances to perform this work, whereas we are as children compared to them till we receive the necessary assistance. Here is a leather called "levant," it is used for the high tops of girls' and childrens' boots, but there is no wear in it; it is like brown paper. It is got up neatly with a nice outside finish, but the lining is often the strongest part. The importation of this leather, also tweed or buff, and split, into the colony is an imposition. It causes many a poor man to wonder why he has pains in his legs; it is not genuine, and no better than a piece of brown paper. You will see boots made from this material sold at 4s. 11d., 5s., and 6s. per pair, a price which would not pay for manufacturing decent material. It is upon those articles that I should like to see an increased tariff placed. The Americans are people that have no sympathy with us, and we should have none for them. This leather is mostly brought by the Frisco mail steamers, and landed at Auckland. I have seen some of it sold as low as 7d. per pound. It costs more to produce leather in the rough. This leather is only sent to the colonies because there is no use or sale for it in America.

2. Is there any machinery in the colony for splitting hides to obtain this leather?—Yes, there are two.

3. So that this work, which you really condemn, is practised in the colony?—No, not yet; we cannot compete with the imported article. They use the machines for splitting simply.

4. It appears to me from what you have said that the article which is imported from America is an imposition, yet there are people in this colony who have imported machines to manufacture what is really injurious in America?—Most of the American leather imported into this country is

inferior, and not so good as ours. It is the importation of cheap leathers from America that causes a demand for low-priced articles, and it is impossible to produce good material and compete against it. The manufacturers did their best to keep up the quality for years, but they have been compelled now to start introducing machines, with a view of making similar leather: it is their last resort, although many of them have been ruined in trying to keep up the standard of leather which has been reduced through American importation. The export of cheap material from America is very much encouraged by the McKinley tariff. The American manufacturers are, as it were, paid to export bad qualities by their Government, which find their way here and destroy legitimate industry. I find that they are resorting to a plan in the colony which is doing away with scientific labour altogether. Table men are now greatly used, and instead of receiving £3 a week they only receive £2. The tendency to produce inferior leather vastly reduces the skill required of the workman, and therefore reduces wages.

5. I wish to refer again to the question of harness-leather. You state the employ given in the production of harness-leather to be about double, and that the importation of harness-leather has correspondingly decreased; but you have not yet mentioned the duty which was placed on harness-leather?—The duty is 6d. per lb.

6. What duty would you suggest as being a suitable duty on East India kip?—I will give you the opinion of the leather-dressers, tanners, and curriers of the colony: that all the articles mentioned in the petition before referred to be raised to 6d. per lb., that is an addition of 5d. per lb. on East India kip. There is now 2d. per lb. duty on some inferior leather imported from America to Auckland which I would increase to 6d. Of course, you know it is more natural for us to lean towards the Old Country, and if any exception was made I would strongly advise that all American stuff should be raised to 6d. per lb. duty. I was in charge for some time of a leather-dressing yard in Glasgow, and I know what it costs to produce East India: tanning and currying East India, 5½d., and 2d. extra for grease, making a total of 7½d. The price in the colony: tanning, 4½d., currying, 6½d., and grease, 2d., making a total of 1s. 0¾d. The difference is not altogether owing to wages, but partly to the inconvenience and expense of bringing the wattle-bark from Australia for tanning, whilst at home they have oak-bark handy. The cost of bark is £10 or £11 per ton, landed in Wellington. They have, too, great labour-saving machinery at home. East India kip is nearly all produced by machinery; they have splitting machines and stuffing machines, &c.

7. How much time do you consider men lose from being out of work, and from short time and short hours owing to insufficient supply of work?—In Wellington, during the last two years, I may say, taking it altogether, I am sure that the men have not obtained more than nine months' work in the year. I now know of some men who have not had any work for three weeks.

8. I have a letter here from Bailey and Co., of Dunedin, who wish the duty taken off leather used in bookbinding?—In regard to the duty being taken off leather used in bookbinding, it would be opposed to Bowron Brothers, of Christchurch, who have tried to produce it: moreover, there is no leather specially made for bookbinding but is used for other purposes as well.

9. If the shoemaker has to pay more for his leather is it not an impediment in his way, and will it not bring him into close competition with the imported shoe?—What I hold is that it would prohibit low-class material from coming into the colony, and enable the bootmaker to get a higher price. We consider, however, that the two things are required, an increase of duty on boots should go hand-in-hand with an increase of duty on the material.

*Mr. Chairman:* I beg to thank you for your assistance.

[*Vide* also evidence of Mr. Glasgow, pages 37, 38, and 39.]

#### TIMBER INDUSTRY.

TUESDAY, 23RD AUGUST, 1892.

E. F. BROAD examined.

I am manager of the Kauri Timber Company (Limited), Auckland. I make the following statement: The kauri timber comes into competition with Baltic and other timber from Canada and America in the Australian Colonies. At the present time about two-thirds of the entire cutting of kauri finds its way into the Australian markets, where it meets the Baltic timber, which can be laid down with a profit in Sydney or Melbourne at a rate of 12s. 6d. per 100ft. superficial, dressed. It also meets the timber from the Pacific Slope of United States called Oregon, which can be laid down at a profit for 9s. 6d. per 100ft. superficial. The quantities of Baltic and Oregon used in Australia per annum roughly amounts to 60,000,000ft., while the quantity of kauri is nearer 15,000,000ft. The cost of production of kauri timber is, roughly, as follows: 4s. per 100ft. for the timber put into rivers. On an average, it takes four or five years before this timber reaches the mill-booms. To the cost of 4s., therefore, you have to add the four or five years' interest on the cost of logs placed in the river. Under these circumstances, you may allow that the logs cost, delivered to the mill, between 7s. 6d. and 8s. per 100ft. At the present rate of wages, and the number of hours worked per day, it costs to convert the logs into sawn timber—allowing for interest on mills, machinery, &c.—3s. 6d. per 100ft. The loss made in sawing is about 25 per cent., which makes the total cost, under these circumstances, about 14s. per 100ft.; but where dressed the waste is increased by one-eighth, which is added to the total cost, as well as the charges incurred in dressing, handling, &c., which may be taken at about 1s. 3d. per 100ft. Freights from the West Coast to Melbourne are usually 3s. 6d. per 100ft., against 2s. 1¾d. per 100ft. from the Baltic, or 2s. 9d. from the eastern ports of the United States, and about 3s. 6d. to 4s. from different points on the Pacific Slope. The position of the industry in the North is this: that people are not willing to pay more for kauri timber than they would pay for timber from the Baltic or from the Pacific Slope. The consequence is the kauri-timber sawmillers are much hampered in their endeavour to increase the consumption of

kauri in the Australian market. But, added to the difficulty of the company in meeting outside competition, we at present have to pay, or rather shortly will have to pay, a much larger amount than formerly. I will give as an instance the block of land called Opanaki, on the Wairoa River, which contains 14,000 acres: less than one-third of that area is covered with kauri, and under the new system of taxation we have to pay on the whole of that block of 14,000 acres.

1. *Hon. Mr. Mitchelson.*] That is, the land-valuation under the present system of taxation?—This company has to pay, roughly, £2 15s. per acre, or, practically, £8 5s. per acre on the quantity that contains kauri timber. The local bodies also have assessed all the moveable machinery in the mills belonging to this company in the Wairoa. Application has been made to them for relief in this matter. It was also represented to the Court of Reviewers, but, so far, the company have been unable to obtain any redress. The matter has also been represented to the Government and the Commissioner of Taxes. This gentleman states he is powerless to give us any redress in the matter; therefore, we are called upon to pay this large amount for machinery, which is admitted by the Commissioner of Taxes to be unjust. It is possible, in order to obtain the rights to remove kauri from a block of land, that the company would have to take up, say, 30,000 acres of land on which they might have only 10,000 acres of kauri. No insurance office will accept a risk of insurance on the standing timber. In order to be protected from fire, the company is called upon to pay rates and taxes on a huge area of worthless land in order to protect the timber standing on a small portion of the block only. When that timber is placed in the river a portion of it will remain in the river for a large number of years—sometimes as long as from ten to fifteen years—awaiting a fresh. From time to time it is driven by floods or dams nearer to the mill-booms, and every year it is necessary to spend large sums in placing these logs in the centre of the stream ready for the next fresh, in order that they may be brought still closer to the booms. During this time the company is called upon to pay compensation to the settlers (who usually take up land on the banks of the stream), who for any small amount of damage usually claim a large amount of money. The company is not only called upon to meet the competition from the Baltic, from the United States, and Canada, but we have to pay 7s. 6d. to 10s. 6d. per day of nine hours, against the Swedish rate of 2s. per day for twelve hours.

2. *The Chairman.*] Have you any suggestion as to how we could put you in a better position?—If in the case of our having the right to remove timber only off the land we be exempted from taxation on the adjoining lands, some of which is cultivated by the Native owners, and who let the rights to dig gum to other parties. We are called upon by the Government to pay a high rate of taxation on the whole block, a large proportion of which would not sell for 2s. 6d. per acre. In other instances where we make a profit we are compelled to pay taxation on such profits. In the case of Opanaki, we have to pay at the rate of £2 15s. per acre on 14,000 acres. On this block we have no other rights than to remove the timber. Four thousand six hundred acres is in reality only available for the company's work, while the 9,400 acres is used for gum-digging purposes, a portion also being cultivated by the Natives, neither of whom pay any taxes, although deriving a direct benefit from the land. We also claim that kauri land is of no value until the trees are removed; therefore, we should not be taxed on the theory that trees enhance the value of the land, for we have to pay taxes on our profits realised when the timber is sawn further by removing the trees. We open up large areas for settlement, thereby saving a large outlay to intending settlers, who can at once burn off the rubbish and sow grass-seed. There should be a distinction between the rating of the blocks on which we have the right to remove the timber only. In the first case, our rights extend over a small portion of the block; other parties enjoy the right of cultivation on the largest area. In the second case, we are forced by the Native owners to take an immense quantity of land, in order to secure and protect a small quantity of standing timber.

3. Are we to understand that you are charged rates on the land of which you have only the right to cut timber?—Yes.

4. And other persons cultivating and using the land pay no rates?—Yes.

5. Is there anything else you would suggest to improve your position?—I am not prepared to make any other suggestion at present.

6. *Hon. Mr. Mitchelson.*] What is the duty charged on timber in Sydney and Melbourne?—1s. 6d. per hundred on rough timber, and 2s. 6d. on dressed, and 1s. 6d. on rough timber under 7in. and 2½in., and 2s. 6d. on dressed timber.

7. *The Chairman.*] Do I understand you have made representations to the Government in reference to the new taxation proposed to be imposed?—Yes, several times.

8. Which is your largest market, Sydney or Melbourne?—They are about equal.

9. Do you trade with any other ports in Australia?—Yes, Adelaide, and Hobart in Tasmania. I may also state that the company has spent a considerable amount of money in opening up markets in France, in Germany, and in London; also in Liverpool, Glasgow, and Belfast. We are also endeavouring to get it used by the organ-manufacturers of the United States.

10. *Hon. Mr. Mitchelson.*] Is the kauri timber supposed to be of a better quality or more durable than the Baltic Oregon timber?—Yes. First, the Baltic is grown in small trees, contains more sap, and is coarser and more open in the grain; therefore, its lasting-properties, exposed to weather, are much inferior to the kauri.

11. *Mr. Duncan.*] Do you know at what rate the valuation is made? Is it struck at £1 per acre all over the land?—That rate, I understand, is struck upon that basis.

12. The valuation rate over the whole of the land is made at the rate placed upon it by the Government valuator?—And the rate is struck over the whole, although perhaps not more than one-third of the entire area is covered with timber.

13. Then, is the Committee to understand that you object to the land being set down at that valuation?—Yes, we have applied to the Court of Reviewers for relief, and have urged that we should

be relieved from paying increased rates on that portion of the land where there is no timber, and which is used by the gum-diggers, and in some instances by the Natives for their cultivations, and also the timber being considered a factor on which the rate is increased many hundredfold, as we pay taxes on the timber when sawn and disposed of. But the Court of Reviewers has been unable to grant us any relief. Considerable portions of the block are made use of by others, and the company does not think it is right to pay any taxes on these portions.

14. You likewise complain of the expense you have been put to arising from the damage occasioned by the logs when being floated down to the booms?—Yes. I mention that to show the hardships of the case, and as additional evidence of the great expense to which the Kauri Company is put.

15. You say that the land along the banks of the river is from time to time being taken up by settlers?—Yes, they take up the land, and a great deal of the river-frontage has been taken up since the company and its predecessors commenced operations.

16. Are these settlers freeholders?—Yes, in many instances they are.

17. *Mr. Lawry.*] What effect, speaking from your own experience, has this tax had upon the development of the kauri-timber industry?—Its effect has been to keep five or six mills closed down, and it is a reasonable estimate to make that the stoppage of these mills has thrown at least 300 hands out of employment. Then, again, it has had other prejudicial results. These mills in operation created a local market. The settlers had a profitable market at hand for the sale of their produce. That market is also closed. Now they have to go further afield to find a market, and, in doing so, their profits are pretty well swallowed up.

18. You think, then, that if this taxation was removed it would be generally beneficial to the whole district?—Certainly I do. Not only would it be a boon to the Kauri Company, but it would be equally a boon to the small settlers. In other respects it would be also beneficial. It would not only be a direct source of income to the settlers; it would enable them to be profitably employed at the very time they would want assistance in clearing their land. Besides, it would provide shipping freights for Melbourne and Sydney, so that vessels at present lying up, and coming to New Zealand ports, would be insured return freights.

19. You were speaking about the much cheaper labour in the Baltic and at the Pacific Slope. Can you say the difference between the price of labour at these places and the price paid for similar labour in New Zealand?—Here in New Zealand ordinary sawmill labourers are paid at the rate of 7s. 6d. for nine hours' work per day. In the Pacific they are paid a dollar (4s.) and food for a day's work of ten hours. In the eastern States they work twelve to fourteen hours per day for 4s. to 5s. and food, which costs but little, during the summer season, which lasts from five to six months. During the remainder of the year they have to take any other work they can get, and during that time it is no uncommon thing for the skilled choppers to go to the forests, where they earn not more than £3 or £4 per month and their food.

20. Do you get no benefit from the persons digging gum on your sections?—Generally speaking, no. Any person is at liberty to dig on the company's lands. The only stipulation we make with them is that they do not fire the timber.

21. You do not derive any revenue out of them? No, not as a rule. In one or two instances we ask for a small license-fee in order to discourage bad characters, but the revenue derived from this is not considered worth accounting for. In the case of very valuable bushes in the North we have arranged with the local people for the right to dig gum on these blocks, but every digger who will promise not to fire the bush has permission to work on this block as well as all others belonging to the company. The company's aim is to encourage every respectable digger, for from this class the danger of fire is minimised.

22. *Mr. Smith.*] Is it a fact that all ships taking kauri to Australia bring back coals at a cheap rate to Auckland?—No; the last freight quotation is 9s. 6d. per ton, and two-thirds of the ships do not touch at Auckland. They trade from the West Coast to Australia, and return in ballast.

23. *Mr. Lawry.*] Would a tax on exported bulk timber benefit the company?—My company has never moved in that direction.

24. What amount of duty would be required to prevent its export?—I have not considered that question, but I should think that the cost of handling and sawing, say, 3s. per 100ft., would suffice. It would also benefit the settler, who would gradually clear his kauri-land and sell his timber in small lots to the nearest sawmill, whereas at present he has to collect a shipload which is often consigned to a distant market, and the returns after deducting charges are seldom satisfactory.

MONDAY, 29TH AUGUST, 1892.

Mr. R. M. HOUSTON, M.H.R., examined.

1. *The Chairman.*] You have expressed a wish to give evidence in regard to the timber industry. I have, therefore, requested your attendance here to-day for the purpose of giving us any information you can on the subject. You were here when Mr. Broad gave his evidence?—Yes; I was sorry I was not able to remain that day when Mr. Broad gave his evidence. As I heard it all, that will save me going over the same ground. I shall endeavour to be as concise as possible. The kauri-timber industry, I need hardly inform the Committee, is the principal industry in the North. Unless any person has a knowledge of the working of kauri timber he cannot possibly conceive the difficulties under which we labour in carrying on this industry. The kauri timber, you may be aware, is very much scattered. The country where the timber grows is very broken. The result is that it requires a great deal of expenditure before the timber can be brought to market. The bulk of the kauri timber grows in clusters generally at the heads of gullies or on

the banks of creeks. There is not sufficient water in these creeks to bring the timber down to the tidal waters. The consequence is that large dams have to be built to collect the water and drive down the timber. These dams are erected often at a cost of £300, £400, and £1,000, and in the majority of instances they can only be used when there are "freshes" in the creeks. The timber is cut into lengths and put into the creeks; when the "fresh" comes the dam fills and the timber is floated out into the main creek. Very often, however, it requires several drives to take the timber down to the main creek. Very often it happens also that the sides and channels of these creeks are of a rocky nature. Some have waterfalls on them. The result is great injury to the timber. The logs are much damaged; very often they are shattered to pieces when they come down to the mill, and are unfit to be cut up. After coming into the main river or creek, which flows generally through alluvial flats, the river or creek assumes a considerable breadth. The result again is that the water there is not sufficient to carry the timber down to the tidal waters. There is therefore considerable delay in getting the timber down. After the "fresh" the timber has to be jacked into the creek again. This causes a considerable amount of expense. When the timber gets to the tidal water it is then brought into harbour. Men have to be employed at all hours of day and night to collect the timber and put it on the booms. This also adds to the expense. In some instances timber is known to remain in the bush-creeks for two, three, four, five, up to eight and nine years. The result is that all the sap of the timber is destroyed. After the sap has been destroyed by the bush-worm it becomes saturated with water. When it gets to the salt water it is then subject to the ravages of the saltwater-worm, or toredo, which often destroys the log altogether, perforating it through from side to side and rendering it unfit to be regarded as a marketable article. These "freshes" that bring the timber to the mills very often occur at night: the result is that a large percentage of logs get driven out to sea and are lost. Those who are engaged or have been engaged in the working of timber allow 10 per cent. for loss in that way. If this timber is not brought down the creeks and got to the mill within twelve months it very often happens that from 25 to 50 per cent. of the timber is lost through the ravages of the bush-worm and saltwater-worm. The result is that the timber when cut up by the mill does not produce more than 50 per cent. that is marketable. The present Kauri Timber Company, who own the largest bushes in the North, are subject to very great hardship in the way of having the land on which the timber grows too highly valued. An area of land containing perhaps 10,000 or 12,000 acres may not carry more than 4,000 or 5,000 acres of timber. This is scattered over the whole block; but the company are rated for the whole of the block.

2. Do you mean for the land irrespective of the quantity of timber?—Yes; in many instances they have only what is called a "cutting-right," and have no interest in the land whatever. This cutting-right extends over a number of years; they pay a lump sum for the right to cut the timber within a certain time. If through any circumstances they fail to get the timber off in that time they lose the whole of it. In the meantime they are subject to local rating over the whole block. If they do get the timber into the creek and it is not removed from there by the freshes before the lease is up they also lose the whole lot. They require to make a special arrangement with the owners of the land to enable them to get the timber out. Very often they have to pay a large sum, almost equal to the first cost of the timber, to enable them to get it out of the creek after their lease is up. There is a very wrong impression formed by a number of people as to the value of kauri timber—I mean standing timber. My own experience, and I have had a good deal of experience, is that kauri timber is only valuable in proportion to the amount of labour spent upon it in getting it to market.

3. And never in proportion to the value of other timber?—No. I myself was engaged in the working of timber for a number of years, principally shipping it in balk—that is, the timber actually brought alongside the vessel often cost me from 4s. 6d. to 5s. the 100 superficial feet. If you add the loss of timber which goes out to sea, the timber destroyed by the bush-worm and the saltwater-worm, the total amount of loss very often amounted to more than the timber realised. I think the present Kauri Timber Company should have some concession made to them with regard to local rating.

4. You say some concessions should be made in respect of local rating?—Yes.

5. Would you suggest what such concession ought to be?—At the present time the Government appear to have no power to make any alteration. The Kauri Timber Company have protested against the excessive valuations, but the Board of Reviewers in many cases have not sustained their objection. The result is that in one particular block which I know of—Opanake—they are rated for the whole of the block, which is really Native land. The amount of the valuation is, I think, £38,000. On that block there are only a few clusters of kauri timber. Moreover, the Maoris have leased the land to other persons for gum-digging purposes, but they pay no rates—those other parties pay no rates. The Maoris themselves are cultivating a portion of the block, and they pay no rates; consequently the company has to pay rates on the whole of the block at this valuation.

6. You say that the Reviewing Board had the matter under consideration?—Yes.

7. And you say they have no power to discriminate in their decision?—The land was assessed; the company came before the Board of Review and objected; the Reviewers did not entertain their objection. The company stated that they were only part-interested in the land—that is to say, that the timber was the only interest they had in it.

8. What Board of Review was it that gave this verdict?—It was partly in Hobson County and partly in Hokianga County. As I have already said, the welfare of the North depends in a great measure on the successful carrying-out of this great industry. I may state that, at the present time, in the Districts of Mongonui, Whangaroa, and Hokianga the mills are idle. When the bushes are being brought to the mills, and the mills are at work, we have a local market for all our

produce. The bush-mills and bushes employ such a large number of hands that there is consumption for all the produce that can be raised in the district—potatoes, beef, mutton, &c. When the mills have stopped, as they have at the present time, all the bush-hands are knocked off. This result very seriously affects the whole of the North, because the whole of the farm industry and that of the small settlers have no sale for their produce. The hands employed in the bush-work consume a larger proportion of dutiable goods than any other class of workmen. The consumption of tea, sugar, and tobacco by these men is greater than that of any other class of men in the colony. Anything that can be done to encourage this industry would be an encouragement to settlement in the North and, indirectly, a benefit to the general revenues of the colony. These are the chief points of the evidence I asked to be permitted to lay before the Committee. Probably they have been already mentioned by Mr. Broad. I speak from actual personal knowledge. I have been engaged in this industry for a number of years, and I know the hardships, the expenses, and the losses attending it.

9. How do you think that an export duty on balk timber would affect trade and the employment of the people in the different sawmills?—At the present time there is very little balk timber exported. Before the formation of this company of which I have been speaking there was a considerable quantity of balk timber exported. I myself exported a large quantity. It paid much better at that time to give employment in exporting. But there is very little exported now from the North.

10. How is that?—The great majority of the kauri-timber bushes are in the hands of the Kauri Timber Company. They have mills all over the district. It pays them better to cut up their own timber than to send it away.

11. Then you do not think it will be of any advantage to have an export duty on balk timber?—I do not think it will be of any great advantage.

12. Are you aware that the effects of new legislation in the other colonies may greatly affect this question?—I do not think that will have any very great effect.

13. Then you do not think the prospect of new legislation on the other side will have the effect of balk timber being sent from Auckland?—That might be in some slight degree, but I do not think it would be general. The company's mills at Mongonui, Whangaroa—in fact, all their principal mills are standing idle.

14. You were here when Mr. Broad gave his evidence—it is quite contradictory to yours in that respect?—To a certain extent; having been myself engaged in the export of balk timber when I was in the trade, I might be speaking somewhat selfishly in that respect.

15. The question is this: at the present time, Mr. Broad and Mr. Thomas Thompson, who gave evidence before this Committee, seemed to indicate that, in consequence of the change of tariff on the other side, the probability is that everything in the shape of kauri export will cease, except balk timber, and that result would be the throwing a great number of persons out of employment?—The great majority of people in my district are idle at the present time. That is, no doubt, in a measure owing to the stagnation of the building trade in the colony; it does not pay the company to have their mills idle.

16. You do not seem to be quite clear as to the effect which an export duty on balk timber would have?—The export is carried on to such a small extent that I do not think it would have an injurious effect on trade. The companies are more anxious to have their mills at work than to keep them idle for exporting.

17. Do you think that the interest of the great bulk of the employes coincides with your view that an export duty on balk timber would have but little effect?—All will be equally anxious to see the people employed. It is quite possible that, from having been a number of years in the trade, I may regard the matter from a somewhat selfish point of view.

18. I want you to explain the position of those having no mills?—It would have an effect on them causing them to dispose of their timber to companies that have mills in the colony. They would be obliged to sell timber to companies at present at work in New Zealand, rather than export it, if there were an export duty put on. But their interests are small in comparison with those of the companies who are engaged in the trade. I know that the Kauri Timber Company discourage the export of balk as much as they possibly can, simply because the more balk that is exported the less work will they have for their mills. Their object is to keep their mills going, consequently they discourage the exportation of balk. I am simply giving you my own experience.

19. I understand you to say that there are two vested interests in this matter of kauri timber—the mill-owners and those exporting balk timber?—Those who export balk are in a small minority. There are a number of persons who have small blocks of land who in their spare time work the timber on it themselves.

20. *Mr. Pinkerton.*] Notwithstanding what has been said by Messrs. Broad and Thompson, you do not think that an export duty on balk timber would have much effect?—No; I do not think it would.

FRIDAY, 2ND SEPTEMBER, 1892.

Mr. C. M. CROMBIE, Commissioner of Taxes, in attendance and examined.

1. *The Chairman.*] We have asked you, Mr. Crombie, to attend and give evidence before this Committee because there has been a question raised in relation to the kauri-timber industry carried on in Auckland. It has been stated that the lessees of certain ground taken for the purposes of cutting kauri timber—or, rather, the possessors of the timber taken from the ground, to obtain which they leased a large block of land for timber-cutting—are held to be liable to taxation as if they were the owners of the property. It has been stated in evidence that only a small portion of kauri timber

grows on this block, but they have been assessed upon the value of the whole area. Their lease gives the right to cut timber on the land, and nothing more; in fact, it is merely a timber-cutting right that is given in the lease. I may further add that a case of this kind was brought before the Board of Reviewers, who held that they had no jurisdiction, and afterwards, when appealed to, stated that they had no power to alter their decision. Can you give the Committee information on these matters? Will you say, at the same time, how the rate is struck: whether at so much a pound value, or is the rate placed on it by the Government valuator, or is it struck over the whole area?—All lands are valued at the actual value, and the Kauri Timber Company would be assessed for land-tax on the value of their interest in the land. If they had no valuable interest in the land they would not be assessed at anything for land-tax, but for local rating they would be rated on the total actual value. In all cases of lands leased by kauri-timber companies the land has been assessed for local rating at the value, irrespective of any lease or sub-lease. There was one case, that of the Opanake Block, in which the company objected to be rated as occupier, but the Board of Review held that the company was occupier within the meaning of "The Rating Act, 1882," and they declined to remove the name of the company from the roll. My opinion is that the Board of Review made a mistake. The roll had been signed by the chairman of the Board of Review, and I had no power to alter the decision. Perhaps the Committee would hear a memorandum on this subject I have prepared for the Hon. the Premier, which states the case clearly. It is as follows:—

"MEMORANDUM for the Hon. the PREMIER.

"*Kauri Timber Company.*

"Land- and Income-tax Department, Wellington, 29th July, 1892.

"THIS company and the holders of Maori lands will be liable to land-tax and graduated tax, and will not be liable to income-tax on any income derived from the use or produce of such lands derived by themselves; that is to say, they will not be liable for income upon any profit they may derive from the cutting and sale of kauri timber. This exemption is given by the last paragraph of section 16. It appears to me to cover all profits made by the company or any other holder of kauri lands, in making up kauri timber prior to sale; that is to say, if the Kauri Company cuts down trees and sends the logs to Auckland, and has them there cut into planks, and made up in any way, the profits derived from such business will not be liable to income-tax. This shows that the company has no grounds for supposing that they will suffer from being first taxed on the land, including the value of the kauri, and then taxed on the profits they make from their kauri timber. Will you kindly state whether you wish the company to obtain any further relief?

"In their letter forwarded to Mr. Houston they refer to having to pay local rates on the Opanake Block, which is part in Hobson County and part in Hokianga County. The company state that they are not occupiers within the meaning of 'The Rating Act, 1882,' and I agree with them; but it appears that the Board of Review decided that the company was occupier, and declined to remove their name from the roll as occupier. This being the case I have no power (and I have taken the opinion of the Crown Law Officer on this matter) to direct the local body to remove the Kauri Timber Company's name from the roll as occupier.

"I do not know what remedy the company might have in defending an action for the recovery of rates. If the local body is determined to keep the company's name on the roll as occupier I am powerless to interfere. Then the question arises as to whether there should be any appeal from the decisions of the Board of Review. Section 21 of the Land and Income Assessment Act, subsection 3, declares that 'the decision of the Board on all objections coming before it, and on all other matters coming within its cognizance relating to the assessments, shall be final and conclusive.' I consider it would be very dangerous to make any provision for questioning and reconsidering the decisions of the Boards of Review. It must be remembered that Boards have good opportunities for ascertaining the facts and giving a decision thereon; and, indeed, having the parties interested before them, they have a much better opportunity of coming to a correct decision than I have. In a few instances in this assessment, I believe, errors have been committed by the Boards; but I cannot recommend that the law should be amended so as to give persons who feel aggrieved any appeal from the Boards' decisions.

"C. M. CROMBIE, Commissioner."

Attached is a letter written to the general manager of the Kauri Timber Company (Limited) on the same subject:—

"SIR,—I find I have no power to call upon the Hobson County Council to amend the roll in the following respects: either to omit the value of the machinery which the Board determined ought to be included in the valuation of the mill, &c., or to remove the name of the Kauri Company from the roll as occupier of certain land of which they were not the occupier within the meaning of the Rating Act of 1882. I have delayed answering your letter in order to take the advice of the Crown Law Officers, and I am now writing in accordance with their advice. The only suggestion I can make to you is, that you should at once make a formal application to the local body to correct the rolls, and, if this should not be done, I shall be glad if you will communicate with me immediately. I regret that I am unable to have the necessary alteration made.—Yours obediently, C. M. CROMBIE, Commissioner."

2. That letter states the case clearly. Have any steps been taken, or are any steps likely to be taken to amend the law in these respects and put these people on a fair footing?—No; I am not aware that any steps have been taken to alter the law. The law stands in this way, at present: that if any person takes a lease of Maori land, or has a beneficial interest in Maori land of which the Native title has not been extinguished, he is liable to be rated on the whole value.

3. *Hon. Mr. Mitchelson.*] This piece of land is held under the Land Transfer Act?—It has been Crown-granted, I believe.

4. Does not that make the Native owner liable?—No; Natives in any case are not liable. The lessees are liable for local rates; but the Kauri Timber Company contend that they are not lessees or occupiers.

5. *The Chairman* read an extract from the evidence previously given, and asked, Is there any ground for this complaint of unfair taxation?

*Witness*: I think it is made under a misapprehension. There are two errors in it: one is that they assert they are assessed for land-tax on the value of the land occupied; the other is that they have to pay income-tax on the profits derived from kauri timber. They have not to pay income-tax on the profits they make from kauri timber—that is, kauri timber cut from lands owned or leased by the company. When a deputation waited on the Premier in Auckland last December I was present, and I heard the Premier, at the end of the interview, inform the deputation that the company was not liable to income-tax on the profits made from their kauri timber.

6. *Hon. Mr. Mitchelson.*] This is the first I have heard of that concession. Up to the present I was under the impression that they were liable to the double taxation?—There is no concession at all.

7. The total value of this block is £32,000, or thereabout. You think the company should only be assessed at the value of the kauri leases?—On their interest in it.

[*Vide* also evidence of Mr. T. Thompson, p. 12.]

## RAILWAY CHARGES ON COAL AND OTHER PRODUCE.

FRIDAY, 5TH AUGUST, 1892.

Mr. JAMES MCKERROW, Chairman of the Railway Commissioners, examined.

1. *The Chairman.*] We have asked you to attend to give us some information in regard to railway charges, and the provision made for the conveyance of New Zealand produce of different kinds from the place of production to the port of shipment. We want that information particularly as some producers allege that they are not fairly treated in the carriage of their produce to market. We also wish to ascertain how our charges stand when compared with the charges that are made in Australia. There is considerable competition between industrial producers on one side or the other, and we want to know exactly our position, the more especially as New Zealand producers complain that producers are more favourably treated in Australia than is the case on the Government railways in this colony. Will you kindly give us what information you can as to the conveyance by railway of the various products, beginning first with dairy produce?—With regard to dairy produce the highest charge in the North Island is for the long haulage between New Plymouth and Wellington, 250 miles. The rate is £2 8s. a ton in 4-ton lots. This is, as near as may be,  $\frac{1}{4}$ d. in the pound. In the Middle Island the maximum charge for cheese in 4-ton lots is £1 3s. a ton for any distance whatever to the nearest named port, which is, as near as may be, a little under  $\frac{1}{2}$ d. per pound. For smaller lots of dairy produce, from  $\frac{1}{2}$  ton, the charge is a little greater than just stated. From 28lb. to 1cwt. the charge is also very moderate.

2. *Mr. Duncan.*] What is the charge for carrying 28lb.?—I cannot tax my memory with the exact charge, but you can send up to 28lb. for about 9d.

3. You can send 28lb. of butter to market for 9d.?—Yes.

4. *The Chairman.*] Irrespective of distance?—No; twenty-three miles for 9d., fifty miles for 1s. 2d., 100 miles for 1s. 6d., and so on. Speaking relatively to the other colonies, the rates for agricultural produce are quite as moderate in New Zealand as they are in the other colonies; they are decidedly so for long distances. In the matter of milk and cream the rates in New Zealand are slightly less than what they are for Victoria—a colony which is devoting a great deal of attention to the dairy industry.

5. *Hon. Sir J. Hall.*] For both long and short distances?—Well, to begin with, for twelve or fifteen miles we carry milk and cream for considerably less than is charged in Victoria; when the distance comes up to thirty or forty miles we are nearly equal.

6. *The Chairman.*] Have you any tables you could place at the disposal of the Committee showing the different charges in Australia?—We can make out an abstract from the Australian tariffs of 1891. We have not got the most recent tariffs from Victoria because I understand that within the last month or two the Ministry have taken the matter in hand, and they have modified the charges in some respects; not, I think, in respect of agricultural produce, but they have raised the rates on merchandise and various other lines.

7. I suppose they will send you the information soon?—Yes, they do as a matter of courtesy; it is well understood between the Railway Departments that such information should be sent at once. Whenever we change our tariff we send copies to the Australian Colonies, and, as a rule, we get the same courtesy shown to us in return. But the Victorian Railway Department has apparently overlooked us latterly in this matter. We have their tariff for 1891; but not from the department direct.

8. Will you furnish the Committee with it?—Yes; we shall either write or wire for it, but some time may elapse before we get it. I may mention that these tariffs as a rule are not materially altered; they are kept pretty well on the same lines with but little variation.

9. *Hon. Sir J. Hall.*] The tariff for 1891 will be sufficient?—Yes.

10. As to the cars or vans in which dairy produce is transported, have you any special provision for cooling by the refrigerating-process?—No; we have no refrigerating-arrangements, but we have what we call ventilated cars, with double walls and air-passages between; so long as the car is in motion the interior is cool.



11. Is there a double roof to it?—It is all double, so as to get the interior as cool as possible. Of course it is never kept cooler than the exterior air. That could only be done by employing refrigerating-machines or using ice. We do not think that is necessary. We think that the ventilated cars convey the produce quite safely. The important thing is not to allow the cars to stand for any length of time during the day at any station; in other words, as soon as the produce arrives at its destination it should be placed in a cool room, or else put on board the vessel. That is the important part of it.

12. Is there a sufficient supply of these cars at the various centres throughout the colony?—Yes, where wanted.

13. Are you adding to them?—We are adding to them as required. They are only required principally as yet in the North Island.

14. Now, in Canterbury and probably in Otago there is a movement on foot for establishing central creameries?—Yes; at Addington.

15. What facilities would you afford?—Well, of course, we will make whatever arrangements are necessary. I may say at once that Addington is a very suitable situation for a creamery, because all our trains in Canterbury concentrate at that point. The morning trains arrive from half-past nine to ten o'clock, leaving the starting-points at from six to seven o'clock, so that the cream could come in the cool of the morning in the ordinary vans.

16. Would there be any practical difficulty, with the trains leaving the country stations very early in the morning, to have the cream of that morning delivered?—Yes; we could not expect to have the cream of that morning's milking, if, as in some cases, it would have to be brought over a long distance to the station.

17. In what way do you charge for the cream; is it so much per gallon?—Yes; we charge so much per gallon. For a distance of fifty-five miles it costs 1d. a gallon. The empty tins are returned free.

18. The Commissioners would undertake to have the cars reserved for the conveyance of cream—that is to say, you could not have other goods or other articles sent in those vans which might be liable to taint the cream?—Well, it would be a question really of quantity; if we had a sufficient quantity we should reserve special cars. I may say the ordinary milk business we have hitherto had has been quite as well accommodated in the ordinary carriage-vans. The cream would be in large tins, properly closed. It could not be contaminated with any smell, as it could not get to it.

19. It is the most delicate produce in the world?—I know it is.

20. Have you not had complaints?—No.

21. Are you not aware that complaint was made of fish being sent in the same van as milk?—I have not heard of it; but it would be very deleterious unless the milk was very closely kept.

22. You have not heard any complaint?—No.

23. There have been complaints?—I have not heard of any.

24. I suppose the Commissioners will be prepared to do what they can to encourage the central creameries?—We will do everything we possibly can to encourage them, because we recognise that it is likely to become a large business. The encouragement of this industry will be a great means of developing the country.

25. *The Chairman.*] We will take another industry: perhaps the fruit industry would be the nearest to the other?—Fruit as yet is a very small item on the railways; but the Commissioners, recognising the importance of it, have made a very low rate for freight—that is to say, we charge one and a half grain rates for fruit, and in the matter of empties we make the charge almost nominal.

26. How do the charges in Australia compare with our charges for the carriage of fruit?—They are less for long distances, but are the same for short distances. (See charges in table appended:—)

LIME (Agricultural) RATES on New Zealand Government Railways compared with Lime Rates on Australian Railways, at per Ton.

Miles.	New Zealand. 1892.	Queensland. 1891.	New South Wales. 1891.	Victoria. 1891.	South Australia. 1891.
	s. d.	s. d.	s. d.	s. d.	s. d.
1 to 10 ..	1 9	2 6	4 6	2 0	2 0
" 20 ..	2 9	3 9	7 10	3 0	3 4
" 30 ..	3 9	5 0	9 9	4 0	4 10
" 40 ..	4 7	6 3	9 9	5 0	6 1
" 50 ..	5 5	7 6	9 9	5 6	7 4
" 60 ..	6 3	8 9	9 9	6 6	8 2
" 70 ..	6 8	10 0	9 9	7 6	9 0
" 80 ..	7 1	11 3	9 9	8 6	9 10*
" 90 ..	7 6	12 6	9 9	9 6	10 8
" 100 ..	7 11	13 9	9 9	10 6	11 6
" 110 ..	8 4	14 7	10 3	11 6	12 1
" 120 ..	8 9	15 5	10 9	12 6	12 9
" 130 ..	9 2	16 3	11 3	13 0	13 4
" 140 ..	9 7	17 1	11 9	14 0	14 0
" 150 ..	10 0	17 11	12 3	15 0	14 7

\* Millburn to Edendale, 85 miles.

CHARGES for CONVEYANCE of FRUIT on New Zealand Government and Australian Railways.

Weight.	20 Miles.					30 Miles.					40 Miles.				
	New Zealand.	Queensland.	New South Wales.	Victoria.	South Australia.	New Zealand.	Queensland.	New South Wales.	Victoria.	South Australia.	New Zealand.	Queensland.	New South Wales.	Victoria.	South Australia.
Cwt.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
0 9	0 6	0 5	1 0	0 6	0 9	0 6	0 5	1 0	0 6	0 9	0 6	0 5	1 0	0 6	0 9
0 10	0 10	0 6	1 0	0 10	0 10	0 10	0 6	1 0	1 0	0 10	0 10	0 6	1 0	1 0	0 10
0 11	1 0	0 8	1 0	1 0	0 11	1 0	0 8	1 0	1 0	0 11	1 0	0 8	1 0	1 0	0 11
1	1 0	1 0	0 11	1 0	1 0	1 0	0 11	1 0	1 0	1 0	1 0	0 11	1 0	1 0	1 0
2	1 0	1 0	1 0	1 0	1 0	1 2	1 0	1 6	1 0	1 1	1 4	1 3	1 6	1 0	1 4
3	1 5	1 1	1 0	1 0	1 0	1 9	1 6	1 6	1 0	1 4	2 0	1 10	1 6	1 0	1 9
4	1 9	1 5	1 0	1 0	1 2	2 3	1 11	1 6	1 0	1 8	2 9	2 5	1 6	1 3	2 2
10	3 5	3 6	1 4	1 9	2 1	4 8	4 9	1 9	2 6	3 1	5 11	6 0	2 3	3 0	3 11
20	6 9	4 8	2 7	3 6	4 2	9 3	6 4	3 6	5 0	6 1	11 9	8 0	4 6	6 0	7 9
Weight.	50 Miles.					70 Miles.					100 Miles.				
	New Zealand.	Queensland.	New South Wales.	Victoria.	South Australia.	New Zealand.	Queensland.	New South Wales.	Victoria.	South Australia.	New Zealand.	Queensland.	New South Wales.	Victoria.	South Australia.
1	1 0	0 6	0 5	1 0	0 8	1 0	0 9	0 9	1 0	0 10	1 2	0 9	0 9	1 0	0 11
1	1 1	0 10	0 6	1 0	1 0	1 2	1 0	1 3	1 0	1 0	1 5	1 5	1 3	1 0	1 0
1	1 2	1 0	0 8	1 0	1 0	1 4	1 0	1 9	1 0	1 0	1 9	1 5	1 9	1 0	1 1
1	1 3	1 0	0 11	1 0	1 0	1 6	1 0	2 0	1 0	1 0	2 0	1 5	2 6	1 0	1 3
2	1 6	1 6	1 6	1 0	1 4	1 9	2 0	2 0	1 0	1 6	2 3	2 9	2 6	1 5	2 1
3	2 4	2 3	1 6	1 2	1 9	2 8	3 0	2 0	1 6	2 2	3 5	4 1	2 6	2 1	2 10
4	3 2	2 11	1 6	1 6	2 2	3 6	3 11	2 0	2 0	2 9	4 6	5 5	2 6	2 9	3 8
10	6 6	7 3	2 9	3 9	4 9	7 9	9 9	3 8	5 0	6 0	8 9	13 6	4 11	6 9	7 10
20	13 0	9 8	5 5	7 6	9 5	15 6	13 0	7 3	10 0	11 11	17 5	18 0	9 10	13 6	15 8

FRESH-MEAT RATES, New Zealand Government Railways and Australian Railways.

Miles.	New Zealand. 1892.	Queensland. 1891.	New South Wales. 1891.		Victoria. 1891.	South Australia. 1891.
	Per Ton. £ s. d.	Per Ton. £ s. d.	Per Truck. Reef. £ s. d.	Per Truck. Mutton. £ s. d.	Per Ton. £ s. d.	Per Ton. £ s. d.
10	0 6 5	0 6 8	0 10 0	0 10 0	0 4 0	0 6 6
20	0 10 7	0 12 6	0 16 8	0 12 6	0 8 6	0 9 6
30	0 14 6	0 18 4	1 0 0	0 15 0	Per Truck. 1 4 6	0 13 3
40	0 18 7	1 4 2	1 10 0	1 2 6	1 12 6	0 17 0
50	1 2 11	1 10 0	1 16 8	1 7 6	1 19 6	1 0 9
60	1 6 2	1 15 0	2 3 4	1 12 6	2 7 0	1 4 6
70	1 8 8	2 0 0	2 10 0	1 17 6	2 14 6	1 8 3
80	1 10 6	2 5 0	2 16 8	2 2 6	3 2 0	1 12 0
90	1 12 2	2 10 0	3 3 4	2 7 6	3 9 6	1 15 9
100	1 13 7	2 15 0	3 6 2	2 9 7	3 17 0	1 19 6

The rate for fresh meat, Woodville to Spit—97 miles—is £1 8s. per ton.  
 In New South Wales and Victoria fresh meat is carried by the truck.  
 In New Zealand about two tons of fresh meat is usually loaded in a truck.

CHARGES for CONVEYANCE of Small Lots of BUTTER and CHEESE on New Zealand Government and Australian Railways.

Weight.	20 Miles.						30 Miles.					
	New Zealand.	Queensland.	New South Wales.	Victoria.		South Australia.	New Zealand.	Queensland.	New South Wales.	Victoria.		South Australia.
Cwt.	s. d.	s. d.	s. d.	Butter.	Cheese.	s. d.	s. d.	s. d.	Butter.	Cheese.	s. d.	s. d.
	0 9	1 0	0 5	0 3	0 8	0 6	1 0	1 0	0 5	0 3	1 0	0 6
0 10	1 0	0 6	0 4	1 0	0 10	1 2	1 0	0 6	0 4	1 6	1 0	1 0
0 11	1 0	0 8	0 6	1 0	1 0	1 4	1 6	0 8	0 6	1 6	1 0	1 0
1	1 0	0 11	0 7	1 0	1 0	1 6	1 6	0 11	0 7	1 6	1 0	1 0
Weight.	40 Miles.						50 Miles.					
	New Zealand.	Queensland.	New South Wales.	Butter.	Cheese.	s. d.	New Zealand.	Queensland.	New South Wales.	Butter.	Cheese.	s. d.
1	1 2	1 0	0 5	0 3	1 0	0 6	1 2	1 0	0 5	0 3	1 0	0 8
1	1 5	1 0	0 6	0 5	1 6	1 0	1 7	1 0	0 6	0 8	1 6	1 0
1	1 9	1 6	0 8	0 8	1 6	1 0	1 11	1 6	0 8	0 5	1 6	1 0
1	2 0	1 6	0 11	0 10	1 6	1 0	2 3	1 6	0 11	0 10	1 6	1 2
Weight.	70 Miles.						100 Miles.					
	New Zealand.	Queensland.	New South Wales.	Butter.	Cheese.	s. d.	New Zealand.	Queensland.	New South Wales.	Butter.	Cheese.	s. d.
1	1 4	1 0	0 9	0 4	1 4	0 10	1 6	1 3	0 9	0 6	1 8	0 11
1	1 9	1 0	1 3	0 8	2 0	1 0	1 11	1 3	1 3	0 11	2 6	1 2
1	2 3	2 0	1 9	1 0	2 0	1 2	2 5	2 6	1 9	1 5	2 6	1 7
1	2 8	2 0	2 0	1 3	2 0	1 5	2 11	2 6	2 6	1 10	2 6	1 11

RATES per Ton for CHEESE and BUTTER on the New Zealand Government Railways and on the Australian Railways.

Miles.	New Zealand, 1892.		Queensland, 1891.		New South Wales, 1891.		Victoria, 1891.		South Australia, 1891.	
	Minimum, 10cwt.	Minimum, 1 ton.	Butter, Min., 1 ton.	Cheese, Min., 10cwt.	Butter, Min., 1 ton.	Cheese, Min., 10cwt.	Butter, Min., 10cwt.	Cheese, Min., 10cwt.	Butter, Min., 10cwt.	Cheese, Min., 10cwt.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
10	5 10	5 0	2 2	4 6	3 6	3 6	5 0	2 0	2 0	2 0
20	9 2	9 2	3 10	7 10	6 6	6 0	7 0	3 4	3 4	3 4
30	12 5	13 4	5 6	11 2	10 0	8 6	9 6	4 10	4 10	4 10
40	14 11	17 6	7 2	14 6	13 6	11 0	12 0	6 1	6 1	6 1
50	17 5	21 8	8 10	17 10	16 6	13 6	14 6	7 4	7 4	7 4
60	19 11	25 0	10 6	21 2	20 0	16 0	17 0	8 2	8 2	8 2
70	22 4	28 4	12 2	24 6	23 6	18 6	19 6	9 0	9 0	9 0
80	24 0	31 8	13 10	27 10	26 6	21 0	22 0	9 10	9 10	9 10
90	25 3	35 0	15 6	31 2	30 0	23 6	24 6	10 8	10 8	10 8
100	16 6	38 4	17 2	34 6	33 6	26 0	27 0	11 6	11 6	11 6
110	27 9	40 10	18 8	37 6	36 6	28 6	29 4	12 1	12 1	12 1
120	29 0	43 4	20 2	40 6	40 0	31 0	31 7	12 9	12 9	12 9
130	30 3	45 10	21 8	43 6	43 6	33 6	33 11	13 4	13 4	13 4
140	31 6	48. 4	23 2	46 6	46 6	36 0	36 2	14 0	14 0	14 0
150	32 9	50 10	24 8	49 6	50 0	38 6	38 6	14 7	14 7	14 7
200	36 6	63 4	31 4	62 10	62 6	46 10	49 11	17 9	17 9	17 9
250	40 8	75 10	36 4	72 10	75 0	55 2	59 4	20 10	20 10	20 10
300	44 10	88 4	41 4	82 10	83 4	59 4	68 8	24 0	24 0	24 0

The maximum rate for cheese in 4-ton lots consigned from south of Dunedin to Bluff, Invercargill, Dunedin, or Port Chalmers is £1 3s. per ton. For cheese in 4-ton lots consigned from north of Oamaru to Oamaru, Timaru, Christchurch, or Lyttelton the maximum rate is £1 3s. per ton.

RATES for MILK on New Zealand Government Railways and on Australian Railways.

New Zealand.		Queensland.		New South Wales.		South Australia.		Victoria.	
Miles.	Rate per Gallon to Factories.*	Miles.	Rate per Gallon.*	Miles.	Rate per Gallon.*	Miles.	Rate per Gallon.	Miles.	Carried by Weight.†
	s. d.		s. d.		s. d.		s. d.		s. d.
1 to 15	0 0½	1 to 25	0 0½	1 to 15	0 0½	1 to 25	0 0½	1 to 15	About 0 0½
16 to 30	0 0¾	26 to 100	0 1	16 to 25	0 0¾	26 to 50	0 0¾	16 to 30	" 0 0¾
31 to 55	0 1			26 to 40	0 1	51 to 75	0 1	31 to 50	" 0 1
56 to 80	0 1½			41 to 100	0 1½	76 to 100	0 1½	51 to 70	" 0 1½
81 to 105	0 1½							71 to 100	" 0 1½

\* Empties returned free. † By passenger trains; by goods trains the charges are slightly less.

COAL RATES on New Zealand Government Railways compared with Coal Rates on Australian Railways.

Miles.	New Zealand, 1892. Per Ton.		Queensland, 1891. Per Ton.		New South Wales, 1891. Per Ton.		Victoria, 1891. Per Ton.	South Australia, 1891. Per Ton.		Remarks.
	s. d.	s. d.	s. d.	s. d.	* s. d.	† s. d.	s. d.	s. d.	s. d.	
1 to 10	1 9	2 0	1 3	1 11	1 3	1 0	2 0	2 0	2 8	
20	2 7	2 9	2 1	3 2	2 1	1 5	2 0	3 4	4 5	
30	3 9	..	2 11	4 5	3 1	1 10	2 6	4 10	6 5	
40	4 7	..	3 9	5 8	4 0	..	3 4	6 1	8 2	
50	5 5	..	4 7	6 11	4 10	..	4 2	7 4	9 11	Stirling to Dunedin, 50 miles.
60	6 3	..	5 5	8 2	5 3	..	5 0	8 2	11 2	
65	6 6	..	5 10	8 9	5 5	..	5 5	8 7	11 10	Huntly to Auckland, 65 miles.
70	6 8	..	6 3	9 5	5 10	..	5 10	9 0	12 6	
80	7 1	..	7 1	10 8	6 8	..	6 8	9 10	13 10	
90	7 6	..	7 11	11 11	7 6	..	7 6	10 8	15 2	
100	7 11	..	8 9	13 2	8 4	..	8 4	11 6	16 5	
110	8 4	..	9 5	..	9 2	..	9 2	12 1	17 4	
120	8 9	..	10 0	..	10 0	..	10 0	12 9	18 2	
130	9 2	..	10 8	..	10 10	..	10 10	13 4	19 1	
140	9 7	..	11 3	..	11 8	..	11 8	14 0	19 11	
150	10 0	..	11 11	..	12 6	..	12 6	14 7	20 10	
200	12 1	..	15 0	..	15 8	..	16 8	17 9	25 3	
218	12 11	..	15 9	..	16 9	..	18 2	18 10	26 9	Port Pirie to Cockburn, 218 miles.
250	14 2	..	17 1	..	18 9	..	20 10	20 10	29 7	
300	16 3	..	19 2	..	20 10	..	25 0	24 0	34 0	

\* In railway trucks. † In owners' trucks.

Brunner to Greymouth, for export, 1s. 10d. per ton; 8 miles. ‡

Kamo to Whangarei Wharf, 1s. 10d. per ton; 6 miles. ‡

Kawakawa to Opua Wharf, 2s. per ton; 8 miles. ‡

Adelaide to Port Adelaide, 1s. 10d. per ton; 8 miles. §

‡ Includes weighing and delivering to ships. § Does not include unloading.

27. *Hon. Sir J. Hall.*]—Have you had any applications addressed to you on the subject of charges for freight?—Yes. Mr. Hobbs, of Auckland, who was a member of the House, very frequently spoke to us about reducing the rate of charges, and giving facilities for the return of empties; and it resulted in bringing the charge down to one and a half grain rates and reducing the charge on empties.

28. Does that apply all over the colony?—Yes.

29. Have you had any applications from the Canterbury fruit-growers?—No, none whatever.

30. *The Chairman.*] Does that provision in respect of fruit apply to imported fruit as well as native fruit?—No; the imported fruit is charged differently.

31. We will now take the question of coal?—The coal rates have been reduced recently, both bituminous coal and brown coal. For bituminous coal the charge was reduced 2d. a ton some few months ago.

32. For what distance?—For eight miles and all above that. The distance from Brunner to Greymouth is eight miles. The former charge was 2s. a ton, it is now brought down to 1s. 10d. At Westport the distance of coal-haulage is twelve miles and the rate was brought down from 2s. 3d. to 2s. 1d. per ton. The charge on the brown coal was brought down considerably. For instance, from the Kaitangata Mine the reduction was 6d. a ton on the fifty miles from Stirling to Dunedin, and from Huntly to Auckland, the distance being 65 miles, the reduction was 8d. a ton. Compared with the charges in New South Wales, which is a coal-producing colony, the charges on our bituminous coal may be from 4d. to 6d. a ton greater than in New South Wales; but comparing the long haulage here with the long haulage in New South Wales the rates are nearly the same. There is this to be taken into account: In New South Wales they produce about two and a half million tons of coal and mineral per annum, and the railways haul that quantity, while in New Zealand we haul about eight hundred and seventy thousand tons. The rate for haulage of coal in South Australia is considerably higher than what it is in New Zealand. The same remark applies to Queensland, in part, and also to Victoria, if I recollect aright.

33. With regard to the charges in New South Wales the Committee have been supplied by a person interested with the following list of charges there:—

RAILAGE OF COAL ON NEW SOUTH WALES RAILWAYS.

Miles.	Where Truck provided by Railway.	Where Truck provided by Owner.
7	.. .. 1s. 6d. per ton	.. .. 10d. per ton.
12	.. .. 1s. 6d. per ton	.. .. 1s. 1d. per ton.
20	.. .. 2s. 1d. per ton	.. .. 1s. 5d. per ton.
28	.. .. 2s. 9d. per ton	.. .. 1s. 9d. per ton.

*Witness.*] That is nearly correct.

34. *The Chairman.*] That scarcely tallies with what you say?—I think it does. This list of New South Wales rates shows that for a distance of seven miles 1s. 6d. per ton is charged where the trucks are supplied. For eight miles distance we supply trucks and 1s. 10d. is charged. The difference between seven miles and eight miles haulage is very little indeed. The principal thing is the expense of the terminus; the cranes and the wharves, and all arrangements for unloading the coal. Our charge includes every one of these things, at Greymouth for instance.

35. The minimum charge is for twelve miles?—In the matter of haulage a mile or two more or less is of very little consequence

36. You say that the charge for eight miles is 2s. 1d.?—No; the charge for twelve miles is 2s. 1d.; that is, 7d. more than this list. This list is quite correct, I believe. I wish to point out the difference in quantity that is handled in the two places. The coal in New South Wales is nearly all handled at one port, so that there is a great advantage in that. We handle our coal at a great variety of places.

37. Are the freight charges upon coal in New South Wales the profit of the Railway Department; do they set it aside for any local purposes?—Not that I am aware of; I should think not.

38. What is done in New Zealand in that respect?—At Greymouth and Westport the railway and the port are deemed to be special trusts, and the amounts are kept separately. At the end of each year the profits and the results of the working of the port go to the Harbour Board.

39. The profits of the railway are set aside by Act?—That is so.

40. For the purpose of providing funds for harbour works?—Yes.

41. *Mr. Duncan.*] Has there been any complaint at Kaitangata and Shag Point with regard to the excess of charges?—No; on the contrary, at Kaitangata, which is the largest coal-mine in the south, they said that the reduction which we made of 6d. a ton would have a very beneficial effect upon their business in the way of increasing it; that they would be able to send the coal further along the railway-line.

42. *The Chairman.*] What is the difference, generally speaking, between the charges for conveying brown coal and bituminous coal; the charge is very much in favour of brown coal, is it not?—No, it is not. It is difficult to compare the two for this reason: that the bituminous coal is carried a very short distance, in no case more than eight or twelve miles altogether, whereas the brown coal is carried a long distance. The Auckland Province is supplied from Huntly, which is sixty-five miles away. Dunedin is mostly supplied from Kaitangata, which is over fifty miles away.

43. *Mr. Duncan.*] What would be the charge from Kaitangata to Oamaru?—It would be about 9s. a ton; distance 128 miles on the main line.

44. *The Chairman.*] Have you any differential charge as between the New Zealand product and the imported product?—Yes; imported coal is charged higher than our bituminous coal and still higher than brown coal. For instance, for a fifty-mile distance Newcastle coal would be charged 9s. 10d. per ton, Westport or Greymouth 7s. 8d., and Kaitangata or Huntly coal 5s. 5d.

45. Is there any Newcastle coal carried by the railway to the interior of the country?—There may be a few thousand tons, but it is not all of much importance,

46. With regard to the use of New Zealand products, do the Railway Commissioners make any difference in favour of the products of New Zealand in their requirements for carriage-building, ironwork, paint, or anything of that kind?—Yes, we invariably do if the price will permit. For instance, in the matter of timber, the carriages are almost built of New Zealand timber. I may say the only timber we import is ironbark, for the bridges of railways. It is very suitable owing to its great tensile strength; using timber of less dimensions suffices for the strain it has to bear, and it is in every way the most economical for use. We do not import any carriages, and they are almost entirely constructed—in fact, I may say entirely constructed—of New Zealand timber, with the exception of the understructure, which is partly of imported timber.

47. With regard to New Zealand paints, have the Railway Commissioners been using any?—Yes, hæmatite, which is the only New Zealand paint in the market.

48. There is terra-cotta paint manufactured at Mr. Keoghan's factory, at Anahau, in the Province of Nelson. [Printed circular of firm produced]?—We use hæmatite for some wagons and some ironworks. We have not got any from this particular place, which is near Parapara, where most of the hæmatite is made. We use locally-made varnish for interior work, and we hope to be able to use it for the exterior work as well. Varnish is a material that wants to be of considerable age before it is suitable for exterior surface which is exposed to the weather. As the cost of varnish is small when compared with the expense of putting it on, we are careful not to use an inferior article until we are quite sure that it is as good as what we are importing.

49. *Mr. E. M. Smith.*] Has your attention been drawn to the very large deposits of pitch-coal in New Plymouth?—You have informed the Commissioners of these deposits of coal.

50. Do you think it would be an advantage to the colony if the railway was made so that the coal might be placed in the hands of the Commissioners at a cheap rate?—It would undoubtedly be of considerable advantage to get the coal at New Plymouth, for at present we import coal from Greymouth to New Plymouth, and if there was a local coal available we would certainly use it in preference.

51. *Mr. Pinkerton.*] Is there any difference in the cost of carriage of locally-made dairy produce and that of carrying other produce?—Dairy produce is carried at low rates, relative to its value in the market.

52. *Mr. Duncan.*] With regard to carrying fresh meat to the ports, what facilities are offered at the present time for carrying fresh meat from New Plymouth or anywhere else to Wellington?—There are facilities of placing vans brought along by the fast trains when we can possibly do it.

53. What is the charge?—One to four miles, 4s. per ton; ten miles, 6s. 5d. per ton; twenty miles, 10s. 7d. per ton; thirty miles, 14s. 6d. per ton; forty miles, 18s. 7d. per ton; fifty miles, £1 2s. 11d. per ton; sixty miles, £1 6s. 2d. per ton; seventy miles, £1 8s. 8d. per ton; eighty miles, £1 10s. 6d. per ton; ninety miles, £1 12s. 2d. per ton; one hundred miles, £1 13s. 7d. per ton. We brought a great deal of meat from Patea and Mokoia. They have ceased at present to send the meat, not because the charges were high, but the establishment of refrigerating-works at Waitara and Wanganui, and the rise in the value of stock for local consumption, have given a good market nearer than Wellington. Usually the fresh meat is only carried a few miles—say, from Ngahauranga into the refrigerating establishment at the quay at Wellington, a distance of about three miles. At Oamaru it is conveyed about two miles from the slaughter-yard to the refrigerating-chamber, and the charge is 4s. a ton. It is by no means a profitable business, because the van only takes about 2 tons, and there are not very many vans at a time; and we have at times to run out specially for it. But we recognise that it is very desirable to foster this industry as much as possible.

54. Are there any special facilities for carrying woollen goods?—There is no special advantage for conveying woollen goods; they simply go at ordinary merchandise rates.

55. *The Chairman.*] Has there been any representation made with regard to the carriage of woollen goods from any special factory?—There has been a representation from the Mosgiel Factory Company. They purchased, some time ago, the Ashburton Woollen Factory, and that being an inland factory, they have requested, once or twice, that we would make special rates for them, but we did not see our way to do it.

56. There are no special rates?—No; it goes at ordinary merchandise rates.

## DUTIES ON MACHINERY, LEATHER, ETC.

FRIDAY, 2ND SEPTEMBER, 1892.

Mr. W. T. GLASGOW, Secretary and Inspector of Customs, Wellington, in attendance and examined.

1. *The Chairman.*] You were asked to attend and give evidence before this Committee on the suggestion of one of its members. Manufacturers have complained of the difficulties they labour under in consequence of the heavy taxation on machinery of a patent kind, which prevents them competing successfully with manufacturers elsewhere. I refer to machinery which cannot be made in the colony. If the duty were removed from such machinery they say it would be an incentive to them to make greater endeavours to improve and develop the particular branches of manufacture with which they are connected?—One of the difficulties in respect of machinery upon arrival would be to decide whether it is patent or not. If it could be shown the machines are really patent it might be provided that they should not be liable to duty.

2. Machinery that cannot be made in the colony, or, indeed, in any of the colonies, is frequently required in certain manufactures: do you not think such machinery should be admitted duty free?—The difficulty there would be as to what machinery could not be made in the colony. There would be a conflict of opinion between the makers of machinery and the users as to whether or not certain kinds could be made in the colony. In any particular case the same difficulty would be likely to arise,

3. Have you considered any means by which machinery of this class could be admitted free, say by notice given to the Customs?—That is, before arrival?

4. Before arrival and after the order given for it?—I think the onus of proof should in every case be laid on the importer; if he cannot show that it is a patent machine he should not be exempt.

5. But there is a good deal of delicate machinery which is not patented; such machinery is often required to enable the manufacturer in the colony to complete work which he cannot finish without such machinery: do you not think anything could be done to help such a person?—No, not so long as machinery generally is dutiable.

6. That means that an attempt would be made to strike off duty from all machinery?—Yes; there would be a conflict of opinion as to what could and what could not be admitted free.

7. But could there be any doubt about that delicate machinery required in some manufactures, such as the manufacture of woollen fabrics?—I have been always of opinion that machinery of that kind ought to be free; but my opinion on such a point is not of much value.

8. Can you suggest anything by which the difficulty might be overcome?—The question would be how you would describe it. In certain kinds of machinery connected with the wool manufacture, such as the carding-machine, the spinning-machine, &c., if accurately described there would be no difficulty; all other machinery except that specially described would be of course dutiable.

9. Could that not be done in regard to other industries? For instance, there is a person in Dunedin who proposes to establish a manufacture for making paper of a superior kind. For that business, I am informed, machinery of a very delicate sort, that cannot be made in the colony, is required. If industries are to be encouraged in the colony we should not throw any impediment in the way of their being successfully carried on. The most delicate machinery is required in some branches. This delicate machinery has to be produced in a separate factory and on a large scale. It seems to the Committee, and it seems to me, that if some means could be devised under which machinery of this class, which would have the effect either of initiating new industries or perfecting established manufactures, could be admitted free, that much of the difficulty complained of could be met, more especially seeing that when such machinery is at all of a complicated character it is not likely to be made, in the whole or in part, in the colonies. Where such machinery would have the effect of initiating new industries it should, I think, be free of duty. I feel the necessity of taking away everything in the shape of impediments to industries and manufactures. To put a tax on the means of initiating new industries or perfecting manufactures is the sure way of destroying or hindering them. How would we stand affected if the duty on all machinery of a complicated character not manufactured in the colony were removed? What would be the loss to the revenue?—The duty on machinery last year (machinery not otherwise described) was £2,627; £13,000 for exempted machinery.

10. Does that include small machinery, such as boring-machines?—Anything in the shape of a simple tool would be free.

11. *Mr. Pinkerton.*] Cement-grinding machines are not free—quartz-grinding machinery is admissible free?—Yes, all kinds of machinery for gold-mining.

12. Bootmaking machinery: duty is paid on that?—Yes.

13. *The Chairman.*] I do feel that the tax on industry is immensely great?—I am afraid that almost any suggestion is vague without a specific direction. Two thousand six hundred pounds is so small that it might almost be allowed to go altogether.

14. *Mr. Pinkerton.*] I would refer to a case in Dunedin where a cement-grinding machine was imported. If it had been imported by a gold-mining company, or sold by them, it would have come in free?—The importer came to me and satisfied me that it was a quartz-grinding machine, although they could use it for grinding cement. I considered that it was admissible free as machinery for mining purposes. The Solicitor-General agreed that the clause in the Act covered machinery constructed for mining purposes. It need not be essentially mining machinery imported for the purpose, but in this case the importer's machine was admitted free. In consequence of a decision by Mr. Justice Williams, several things have been admitted.

15. *The Chairman.*] Are mining-tubs admitted free?—Yes; that was the very pith of Judge Williams's decision.

16. With regard to the leather duty: there is one kind of leather of a very inferior class; it is called "splits," composed of hides of various sorts. It is said in the evidence adduced here that the use of this inferior article is lowering the standard of work of the trade here and throughout the colony; that the consumer is imposed upon; that the trade itself cannot compete, because it is almost a refuse article in America—they must find a market for it, and they send it here: an increase of duty on that would be perfectly justifiable? It ought to be increased to sixpence?—I have spoken to the master bootmakers on that point: they are against any increase.

17. How would it affect them?—It would increase the cost of making boots and shoes.

18. If they used a better material the public would get a better article: how could it injure them, for the consumer would have to pay it?—Yes. The leather items have given us a great deal of trouble in administration.

19. It is stated that there has been a large increase in the import of boots and shoes since the *ad valorem* duty has been introduced?—I believe that is so. The rate we had before was supposed to be heavy on workmen's boots, and to be exceedingly light on other kinds of goods.

20. Would you think it advisable to increase the duty on this inferior kind of American leather?—It ought to be increased. I do not know whether sixpence would be the proper rate, but I would be inclined to go to fourpence. But, if the object is to discourage "splits" being introduced into the colony, it is little matter what duty you put on. The importation of boots and shoes has increased since the year the *ad valorem* duty was imposed (1888), but the value imported in 1891—namely, £138,852, does not come up to the value in 1887—namely, £159,275. The average of five

years, 1884 to 1888, is £157,659. The value since the 20-per-cent. rate was imposed is as follows: 1889, £105,973; 1890, £119,465; 1891, £138,852. It may be said, therefore, that importation is now recovering from the sudden check resulting from the increased duty in 1888; but it is still considerably less than it was under the old rates.

### WOOLLEN MANUFACTURES.

WEDNESDAY, 3RD AUGUST, 1892.

Mr. G. H. BLACKWELL examined.

1. *The Chairman.*] What are you?—I am chairman of the Kaiapoi Woollen Company.
2. You know the object for which the Committee is sitting: will you kindly give us any information you possess?—Yes; it was in pursuance of that object that I attend to make a suggestion that probably might be entertained by the Committee as to the remission of duty on woollen and worsted machinery, and parts of the same.
3. *Mr. Duncan.*] What amount of duty is now charged?—20 per cent.
4. *The Chairman.*] Would you be good enough to give us your ideas in your own way first?—We are not at all desirous of interfering with the protection already afforded to the iron trade, and are always careful to have made locally any machinery that can be made locally. The local manufacturers, for various reasons, are unable to make the principal parts of our machinery. I suppose it would necessitate a large plant; and then there are so many patents to pay for in connection with some of the machines that I doubt whether, for a very long time, it would be worth their while to entertain a thought of manufacturing in the colony. Agricultural machinery is exempt from duty. If I remember right the ground of the exemption was because of the employment afforded to the people. We think, on similar grounds, industrial machinery ought to be exempt. The late Premier, Sir Harry Atkinson, recognised the justice of our claim, and promised on two occasions to exempt industrial machinery from the operations of the Property-tax Act. Indeed, he went so far as to prepare a Bill embodying that promise, but it unfortunately suffered the fate of "the innocents." Under the new taxation our taxes will be largely increased. There is no increase of taxation on machinery. We have first of all to pay duty on the machinery, then we have to pay a tax on the buildings for the machines, and thirdly we have to pay income-tax on the result of working the machines, which practically nearly doubles the amount we paid under the property-tax. In view of the fact that we employ a large amount of labour, we think the imported machinery should be exempt from duty.
5. *Hon. Sir J. Hall.*] Will you mention how many hands you employ?—We employ six hundred people, and in this way consider that we assist the customs tariff in other directions. The present Premier quite agrees with the justice of our claim. We have a difficulty sometimes in making dividends for shareholders, and these difficulties will be increased by the extra taxation imposed upon us. In the case of industrial companies, we do not think it was the intention of the Government so to do. This is the only alteration we should suggest with regard to the tariff. We would strongly recommend that, in the case of industrial companies, they should be charged one-half of the income-tax.
6. *The Chairman.*] I should like to ask you whether the machinery used by the woollen company you refer to is generally a patent, and of a delicate character?—Yes.
7. Is it generally patent machinery?—Oh, yes; some of the machines have a large number of patents attached to them.
8. It is not possible under any circumstances to manufacture them in this country?—I think it is not likely. The demand for machinery of this nature would not be sufficiently great to warrant the manufacturers setting up a plant and paying patent rights to enable them to make them. I may state that, as far as we possibly can, we get everything made in the colony. Our large engine and several smaller engines were made in Christchurch. We have altogether four engines. The large one would be 180-horse power.
9. What you wish to convey to the Committee is, it is your spinning machinery and not your power that you want to be exempt?—Yes, that is so; the woollen and worsted machinery, and the parts of the same.
10. Have you anything to remark with regard to the way in which your company or other woollen companies have been dealt with by the Government in the matter of the supply of cloth to Volunteers or police?—No.
11. Have you anything to say on the question of olive-oil?—I think not.
12. You are paying a duty on it?—Yes.
13. You do not find that oppressive?—No. We must expect to pay part of the taxation of the country. If the machinery were exempt, it would be the best relief the Government could afford us. I omitted to state that all our boilers were made in Christchurch. We have just completed a small contract with a local maker for steam-ovens. This is simply to confirm my statement that, as far as we can, we get all our machinery made locally.
14. *Hon. Sir J. Hall.*] Who made them?—Mr. Anderson made the boilers, and Mr. Scott made the engines.
15. *The Chairman.*] Do you not get exemption for improvements?—Up to £3,000.
16. What amount of duty do you pay on the machinery that was likely to be required of the character you describe that you desire to be free of duty?—That will vary—scarcely two years alike. In all probability we shall be required to pay during the next twelve months between £200 and £250 duty on machinery and parts of machinery.
17. Is that machinery required for the purpose of perfecting your plant, or for the purpose of repairs?—For both purposes. The parts are required for repairs; the new machinery comes in in order to keep our plant up to date—to perfect the plant.

18. *Mr. Duncan.*] So as to be able to produce any required goods?—Of some improved looms we have now sent an order for we shall practically lose one in five.

19. *Hon. Sir. J. Hall.*] What average dividends have been paid by the company since it has been started?—7 per cent. is the average. For several years we paid 10 per cent. One year we paid nothing. We had labour troubles to contend with at that time.

20. You suggest that the income-tax should be reduced one-half to industrial companies?—Yes.

21. Why should not that apply to industrial individuals?—We have no objection to that at all. I am simply here in the interest of the company.

22. I do not know why you should draw any distinction?—No: I simply represent the company.

23. I understand you do not make any claim for a further duty on woollen goods?—No, we think the present tariff quite sufficient.

24. It is 25 per cent.?—Yes.

## CORK CULTURE AND MANUFACTURES.

WEDNESDAY, 3RD AUGUST, 1892.

HON. MR. REYNOLDS EXAMINED.

1. *The Chairman.*] The Committee are desirous of hearing anything you have to say with regard to the cork industry, of which we understand you possess information; the growing of the timber, and the manufacture of the cork?—I may say that I was brought up, in a great measure, to the cork business in Spain and Portugal. I acquired a thorough knowledge both of the growing and stripping, and also a slight knowledge of the manufacturing. There is now in Auckland, I am given to understand, some person who has started the industry of cork-cutting. There is also a proposal to start a manufactory in Dunedin. The great difficulty, however, is that there is so much waste in the manufacture—in fact, equal to nearly 60 per cent.—upon which freight has to be paid, and the refuse is no good except for burning—for fire purposes. The duty at the present time upon manufactured corks is 15 per cent., and it is considered that if the industry is to be encouraged at all the duty ought to be somewhere about 40 per cent. Of course such an industry would be but a small affair in the meantime, possibly employing about from a dozen to twenty men, but it is sure to be a large industry ere long, and a growing industry. The only question is whether or not it should be encouraged by sufficient protection.

2. Do you mean by “a growing industry,” an industry that would lead to the growing of trees?—No; the manufacture of cork.

3. You mean that the manufacture would increase?—Yes, the manufacture would increase. Now, with regard to the growing of corkwood, I may say that the trees are of very slow growth. It would take forty or fifty years before a tree would reach perfection, but it would be a very profitable undertaking at the end of that time to any one who entered upon the planting of forests. I may state that at one time I thought of planting somewhere about one hundred acres of cork-forest; but at that time there was some talk in Parliament here of preventing any one tying land up beyond a certain number of years. I gave up the idea because it would have been of no use until the expiration of forty or fifty years. I thought of leaving it to my descendants. I may just add that I have known one cork-tree yield nearly one hundred and twenty pounds' worth of cork at one stripping. A tree will only yield a crop of cork in from seven to ten years. I do not think I have anything further to say unless to reply to questions.

4. Is the timber an ordinary oak-timber?—Yes.

5. Do you think the encouragement of cork-cutting, the manufacture of corks, would be effected by a protective duty—that it would call attention to the industry generally, and lead to the plantation of cork-trees?—I think it would, provided security were given that the planter would not be interfered with. It is no use planting a cork-forest without security of tenure.

6. What are the difficulties in the way of planting?—You get the seed from South Australia.

7. Is it there in abundance?—Yes, I am told so. They are growing it there, and doing exceedingly well.

8. The acorn could be obtained from South Australia?—Yes, and planted here.

9. There could be no difficulty in getting an abundance of acorn?—I do not think so. I have two trees that in time will bear; they are about twenty years old.

10. *Hon. Sir J. Hall.*] What size are they?—About the height of this room.

11. *The Chairman.*] What size is the timber?—Not quite so large as my waist.

12. About a foot in diameter?—I should say somewhere thereabout.

13. *Mr. Duncan.*] Did you state that you could only get a crop off them once in seven years? You get more than one bark off these trees?—Yes, you get a crop every seven years or so. The older the tree the better the quality of the bark or cork.

14. You can strip them once in seven or ten years?—Yes; it varies according to the soil.

15. Without any injury to the tree?—Without any injury to the tree.

16. *The Chairman.*] You do not take it all off?—Yes, you take it all off; but there is an inner bark.

17. *Mr. Duncan.*] Have you any knowledge of what dimensions the industry would be at the present time, if there was such a duty imposed as would stop the importation of made corks?—Well, it is impossible to say. I should say if all the corks were manufactured here that are used there would be from twenty to twenty-five men wanted in the industry. The industry is small in the meantime, but it is a business that would grow greatly in this country. The moment we commenced exporting bottled beer it would become a very large industry. I may say that the cork grown and manufactured in Spain, Portugal, and the south of France is considered of the greatest importance to those parts of the world. It is a very large industry in those countries, and receives every consideration at the hands of the respective Governments.



18. You say that the cork from one tree would be £120 in value?—Yes, I have known such to be the case.

19. That would be for only one stripping?—Yes.

20. *Hon. Sir J. Hall.*] One stripping?—Yes, one stripping.

21. Of course the trees are not all alike?—No; this would be from a tree bearing a very superior quality of cork.

22. *Mr. Duncan.*] And it would be grown in very superior soil?—Yes, in a suitable soil.

23. *Hon. Sir J. Hall.*] Have you any information as to what has been done in this matter in South Australia?—Nothing further than that they have been growing cork-trees there, I understand. The trees are still young, but they are beginning to bear acorns and cork.

24. Do you know to what extent they have grown?—I do not know; I do not think they have grown to any great extent.

25. Do you know whether they are being grown in Government gardens, or by private individuals?—By private individuals, I believe. They may also have them in Government gardens. I was told of one man who went out there—he was a Frenchman from the south of France. Believing that ultimately corks would be in great demand if wine were manufactured in South Australia he planted some few acres with cork-trees. I do not know whether any further plantations took place at the same time. I was given to understand that people now were turning their attention to the planting of cork-trees there.

26. You have not heard whether cork-cutting is actually going on there?—Oh, yes; if they have cork-trees there they are sure to have cork-cutting.

27. Are the trees old enough to be bearing?—Oh, yes; it is about forty or fifty years since the trees were planted. He was one of the very early settlers who went to South Australia.

28. Do you know whether the cork-tree stands severe frost?—Oh, yes, it does; it grows near the sea.

29. Does it grow inland, where there would be twenty degrees of frost?—It is cold enough in some parts of Spain where it is grown, but I could not say whether such a degree of frost would suit it.

30. *The Chairman.*] Will you state further what quality of soil is suitable to the tree?—It is not very particular as to the soil.

31. I suppose rocky soil is the best?—Yes, gravelly or rocky soil. I have seen the trees coming out of a little fissure in the rock, the roots splitting open the rock and making a way for themselves.

32. *Mr. Duncan.*] I suppose it is closely allied to the alum?—No.

33. *Mr. E. M. Smith.*] You say there is about 60 per cent. waste in making the cork?—Yes.

34. Are you aware that there is no waste in the cork-trade at Home now—that it is soluble with silica and other substances, and made into a material used for ornaments, soles for shoes, and actually cork-bricks?—Well, I have been absent from England for forty years. I know very well that they did use the refuse for making coverings for floors, similar to linoleum. I never knew that they made bricks of it, or that it was used for ornamental purposes. That is a thing that could not be done here in the meantime. It can be used for various purposes, provided we were old enough to be able to find the capital for establishing such an industry, and provided the work was sufficient to warrant the undertaking. I know perfectly well that the capital of the Corkatine Company in Britain was considerable. The manufacture was used for soles of shoes, floor-cloth, and other purposes.

## FISH-CURING INDUSTRY.

FRIDAY, 26TH AUGUST, 1892.

Mr. W. INNES examined.

1. *The Chairman.*] Will you tell the Committee your name?—My name is William Innes, of Port Chalmers.

2. Are you engaged in fish-curing at Port Chalmers?—I may state that I was the first to start, over twenty-five years ago, the fish-curing business at Port Chalmers, and the Government then gave me permission to put sheds and the like up on a part of the sea-beach; since then I have carried on the business until it has grown to a pretty large industry. In 1885 the Government gave a bonus on all exported fish, which enabled us to go largely into the trade. In those days there were very few in the industry, there being only about four others besides myself carrying on the business for the purpose of export. As fast as we made the money, we put it into boats and gear, and expended it in such a manner as to promote the industry. At the time the bonus was given there were about thirty men engaged in all in the fish trade as far as Port Chalmers is concerned, and at the present time there are about one hundred and fifty men engaged in Port Chalmers alone in fishing; this includes all fishermen. I am sorry I am unable to lay more accurate information before you, although during the last three days I have been in communication with the Customhouse with a view of obtaining information as to the quantity of fish exported; and the only information I can get is this, that a bonus has been paid on canned fish amounting to £3,258 10s. 3d. The bonus received on this amount represents a halfpenny in the pound sterling up to the present; and the bonus on cured fish, which means smoked fish and salted fish, at one farthing in the pound, amounted to £2,527 3s. 8d. I think there is one canning establishment in Stewart Island. One applied for a bonus in Wellington for curing. I believe there are two in Auckland that registered for the export bonus in 1885. However, the large sum of £3,258 10s. 3d. represents canning at a halfpenny in the pound sterling; whereas the amount £2,527 3s. 8d. represents curing, upon which only a farthing a pound sterling bonus is paid. It is therefore evident that the curing industry must be much larger than the canning industry, as the value shown in the former amount represents a bonus

of a halfpenny in the pound sterling, and the latter only a farthing in the pound sterling. The great drawback at present is that the Government in Melbourne have put on a duty of a halfpenny per pound on cured fish; this duty began to be collected about two months ago. The price realised this last two years has barely enabled the curers to pay for fish and expenses alone, leaving the question of profit out of consideration; but now that a duty of a halfpenny per pound is placed on fish in Melbourne, it will kill the trade altogether; and the only thing left for us to do is that we must pull up the boats altogether unless we are assisted by the Government.

3. *Hon. Sir J. Hall.*] Do you now refer to cured fish?—Yes, I refer to cured fish.

4. *The Chairman.*] Is Melbourne your only market? Can you not export to England?—No, we cannot send fish to England; they would not keep. I had an interview with Mr. Ballance, to the effect that the Government agreed to continue this bonus, which is now one-eighth of a penny per pound, for five years. That is very good, but at the same time it will not enable us to send fish into Melbourne market in the face of the fact that the Melbourne Government has imposed a duty of a halfpenny in the pound on fish. I therefore think that the Government should increase the duty to something equivalent, to compensate us for this increase of duty imposed by the Melbourne Government, which would enable us to carry on the business in the meantime. I believe that it is the general opinion of the people in Melbourne that this duty of a halfpenny per pound on fish will not continue for a lengthy period; and an additional Government bonus would enable us to sustain our industries in the meantime. Mr. Ballance told me—Am I right in referring to Mr. Ballance, that is, the conversation I had with Mr. Ballance?

5. Be careful as to what you state.—He gave me to understand, in the presence of Mr. Mills and Mr. Pinkerton, that the Government had done very fair under the circumstances, and that he did not see they could give any further increase of bonus, as the Melbourne Government might increase the amount of duty to double the amount next year. The Government has extended to us the bonus for five years, which is still to be paid to the curers. This bonus does not do us any good. At Port Chalmers we are the heaviest exporters of cured fish—all the curers that I represent being the largest shippers, and they are now only getting one-eighth of a penny per pound bonus. I am now only speaking of Port Chalmers. I may state that for the last twelve months we have not averaged on the whole year round for all fish we have exported, independent of bonus, more than 3s. a dozen.

6. Is that the return you get for it, or is that the price you get for the fish in Melbourne?—That is the price we get for the fish in Melbourne.

7. What expenses have you in connection with the fish?—We have got to pay freight to Melbourne, wharfage, cartage, commission, &c.—that is, all the charges amount to about 1s. 7d. per dozen for barracouta.

8. *Mr. Lawry.*] That leaves about a halfpenny then?—Yes, we pay 1s. for the fish per dozen; it may vary at times.

9. *The Chairman.*] Have you tried any other market—Queensland or Adelaide?—The distance is too great: it would not keep. I may state I am now getting about 8s. a dozen, as nobody else has any to sell in the market. When they are plentiful I run them down in large vats, after which I take them out and make them fit for market.

10. Do you consider that a fair *bona fide* price?—Yes, I do; they are not in season.

11. *Mr. Lawry.*] What is the duty in Sydney?—Very little goes there. Not more than twenty dozen fish goes there in the year. The only chance is that a gentleman who has been in this country may send across for a case.

12. Have you tried Queensland or Adelaide for a market?—No; they would not keep.

13. So that Melbourne is your only market?—Yes.

14. That does not apply to your tinned fish?—No, we have a market here for that; on our side we tin principally barracouta and cod. We smoke the cod just about two hours in the house, and then tin them. In Stewart Island, I believe, the only fish that is tinned is moki and blue cod; in Auckland it is nearly all Auckland mullet. The principal fish that we cure is barracouta and blue cod.

15. *The Chairman.*] What do you say you pay a dozen for fish?—Sometimes we pay 2s. a dozen for them; that is, the latter end of the season—at that time we get a fair price in Melbourne. Two months ago I was only getting 3s. 6d. a dozen.

*Mr. Innes:* I asked Mr. Ballance if he could give us a farthing for the present, which amount would enable us to carry on, instead of one-eighth of a penny per lb. bonus.

16. *The Chairman.*] I suppose that the original farthing on cured fish was the bonus for a time, and one-eighth afterwards?—Yes, I am only speaking of the Port alone. I am confident that a large part of the total amount exported, £2,527 3s. 8d., is chiefly from Port Chalmers.

17. What price does this smoked fish fetch in Melbourne?—When it was started, in 1885, our curers were not sending more than about one ton in the month to Melbourne; but after that we began to introduce our fish in a superior condition, which was in 1886, 1887, and 1888, since then we have sent away from four to five tons a week.

18. I wish to know what price per dozen you were getting?—In 1885 we were getting about 3s. 6d. per dozen, which amount represented 36lb. to 40lb. of fish per dozen.

19. *Hon. Sir J. Hall.*] That leaves you about 1d. in the lb.?

20. *The Chairman.*] We may wish to hear your evidence further in this matter; please give us your address?—Yes.

[Further evidence taken by this Committee was not considered of sufficient importance to be printed.]

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