

to me that it will place witnesses in a difficulty, and also the Commission in a difficulty. We ought to have some discretion as to information which may be given to guide us, and which it may not be desirable to publish.

*The Chairman* : There might possibly be evidence brought before this Commission as to frauds that are being carried out through the Customs, and which to declare would defeat its object. In that case one would think certain evidence ought not to be disclosed except to the proper authority.

*Mr. Mackenzie* : I think, if evidence is given in that direction, it might be well for us to learn what power and discretion we have in the matter.

*Witness* : The subject I want to speak about has already been before the Government to some extent, and my object in raising the point now that it should not be published is because my principals are desirous that their further action in the direction of the establishment of an industry in the colony should not be made known. Whatever may go into the report to the Government they would be only too pleased should be as full as possible ; but to let it go to the papers that the Commission has been approached on this subject would not suit me at all.

*Mr. Stevens* : It cannot go to the papers before the middle of June, even supposing it was included in the printed evidence.

*Mr. Tanner* : Such evidence might be kept private, with the understanding that it is given practically under the pledge of secrecy.

(The other members of the Commission agreed.)

*The Chairman* : You understand, Mr. Philips, how your evidence will be treated. At first we did mention the names of witnesses, but since then we have ceased to do so. It will be stated that to-day's evidence has been given on the subject of Australian wine, but, with regard to this other subject, it will not be mentioned.

*Witness* : So far as Australian wine is concerned, I have not the slightest objection to anything being disclosed. Upon this other matter the Government have been approached, and have replied practically that the matter must be deferred, and that nothing will be done in the meantime. The evidence I wish to offer is practically the same as the Government have already had ; but now the Commission is sitting we decided to approach it with a view to ascertaining whether anything could be done now. The matter is the establishment in New Zealand of a tobacco-factory. There is one existing successfully in nearly every other colony.

349. *The Chairman*.] Will you state to the Commission what alteration in the Customs tariff will be necessary to enable that to be done?—The present duty on leaf-tobacco for the purpose of manufacture is 2s. per pound ; on the manufactured article, 3s. 6d. There is also an excise of 1s. on the former ; the difference between the two being only 6d. If the duty on leaf-tobacco remained as at present, and the excise could be abolished for a limited period—say, two years—to enable the factory to be established, it would meet the position from our point of view.

350. Have you made any calculation as to the amount of employment the factory would give?—If the Commission will allow me, I will read the following extracts from correspondence :—

*General Effect of a Tobacco-factory*.—It is scarcely possible to name any industry which offers so many and attractive features to almost any class of a community as that of the local production of, and the manufacture of, tobacco. It calls for the investment of a considerable amount of capital within the country ; it affords healthful and remunerative employment to a large number of both skilled and unskilled artisans ; it cheapens the working-man's smoke ; it gives employment to many collateral industries, amongst which may be enumerated the mechanical engineer and machinist, the boxmaker, the printer, and all those engaged in the transport by road, rail, and water ; but, above all, it stimulates the agriculturist to the profitable cultivation of tobacco-plant, for which we have every reason to believe the climate and soil are in many parts of New Zealand eminently well adapted, and it thus creates a demand for a fresh home product of the soil which at present is entirely imported from abroad. The latter important fact is amply borne out by the experience of the Australian Colonies (the detailed particulars of which will be found in Coghlan's statistics), demonstrating that the establishment of local tobacco-factories has developed into a permanent, progressive, and profitable industry for the producers of the soil. We have been informed that the experiment of a tobacco-factory has already been tried in New Zealand, but we have reason to believe that the attempt has been inadequately made, and we are convinced, with greater experience, and more ample means, and the employment of the best modern appliances, we shall be as successful in New Zealand as in the other Australian Colonies ; and we are under no apprehension that the considerable capital which we propose to invest will prove unproductive.

*Our Proposed Enterprise*.—Subject to such reasonable protection as the circumstances fairly require, and such as have been conceded in the Australian Colonies, we propose to establish, at some convenient point in New Zealand, a completely-equipped tobacco-factory of the best modern type, which will entail an expenditure for sites, building, machinery, and appliances of about £20,000. We undertake to produce well-manufactured tobacco, which will be acceptable to the consumer, and at a more moderate cost than the imported tobacco, and it shall be our duty, as well as our interest, to give every possible assistance, information, and facility, gathered from our wide experience both in Australia and America, to the farmers of New Zealand, in order to promote and stimulate the growth and proper preparation of tobacco-leaf, not only for the supply of our proposed factory with acceptable stock, but that it may in time become an important item of export.

*Protection desired*.—The present duty on imported manufactured tobacco in New Zealand is 3s. 6d. per pound ; the duty on leaf tobacco is 2s. per pound ; but there is, in addition, an excise duty on tobacco manufactured from either imported or colonial leaf of 1s. per pound, thus constituting a difference of 6d. per pound in favour of the local product, which, taking into consideration the higher cost of labour, and the obvious difficulties, drawbacks, and expenses connected with the installation of a new industry, is inadequate.