

“Taking, for example, the Australian Colonies, the net difference in favour of our local factory in Queensland for the first three years from the commencement of our operations in Brisbane was 1s. 6d. per pound, and is now 1s. per pound. In New South Wales the net difference was at first 2s., subsequently 1s., and is now 9d., per pound. In Victoria the net difference in favour of the local manufacturer is 1s. 6d. per pound.

“In calculating the minimum amount of protection that will be necessary for our proposed enterprise in New Zealand we have carefully borne in mind not only what will be reasonably requisite for the factory, but also that which will create the least disturbance to the existing revenue derived from the duty on imported tobacco, and we submit with all deference that the desired object will be best, most fairly, and simply obtained by a suspension of the existing excise of 1s. per pound on manufactured tobacco; this arrangement to be continued for a period of three years, until our industry is well established, and a crop of domestic leaf may be relied on, when an additional 6d. per pound could be imposed on imported leaf, both for the purpose of revenue and as a further protection in favour of home-grown tobacco.

“The above proposition is practically on the lines of our Queensland arrangement, where no excise is levied, but a protection of at first 1s. 6d., but now 1s., exists in favour of locally-manufactured tobacco. The result of this policy in Queensland has been that, whereas prior to the establishment of local factories the product of leaf was practically nil, the present annual value of the tobacco-crop amounts to about £30,000, and is steadily on the increase.

“*Excise.*—In asking for a suspension of the excise on tobacco we believe that we are not seeking for any important sacrifice of revenue on the part of your Government. Moreover, excise is not only contrary to the spirit of protection because it obviously burdens the local production of raw material, but it affords in many ways the opportunities for evasion and fraud, to the prejudice of the scrupulous manufacturers.

“There was very recently a deputation of tobacco-manufacturers to the Premier of New South Wales, to whom it was clearly demonstrated that fully 50 tons—and probably much more—of home-grown leaf was being annually manufactured into smoking-tobacco in the colony, in defraud of the excise, and to the obvious detriment of the honest manufacturers.

“But, if it is expedient to retain an excise on tobacco-leaf when manufactured into smoking-tobacco in the colony, we submit the suggestion that this may well be done without prejudice to the local growth from the soil, and for the advantage of the revenue, on the product of such leaf as cannot in all probability be grown in the colony: we refer specifically to leaf employed in the manufacture of cigarettes, which comes almost exclusively from one or two districts in America, and is being imported from thence by all manufacturers of cigarettes in the Australian Colonies, who do not find colonial tobacco suitable for this particular industry.

“*Cigarettes.*—Whilst we possess the exclusive rights to the use in Australia of one of the best cigarette-machines of modern invention, which has cost us a very high premium to acquire, and which we propose to employ in New Zealand (as in Australia) in this remunerative branch of our manufacture, we are prepared to admit, however, that this portion of our industry stands on an exceptional footing, and is susceptible of special treatment. A cigarette is not, generally speaking, the working-man’s smoke; those who generally indulge in it can well afford to pay 6d. per packet, which has been, and still is, the standard retail price for imported cigarettes.

“The introduction of most ingenious labour-saving machines, almost entirely automatic in action, has enabled the local producer of cigarettes, under cover of the protection afforded to the manufacturer of plug tobacco, to produce colonial cigarettes in enormous quantities, which have been placed on the market to be retailed at 3d. per packet, which has led to a considerable increase in their consumption, largely, it is said, by youths and boys, to whom the premature use of tobacco is held to be deleterious. We would suggest, therefore, with all respect, that a substantial increase in the excise on cigarettes, which would bring this retail price back to 6d. per packet, on the colonial product, would not appreciably affect the ordinary cigarette-smoker, but it would check the consumption in a direction which is held by many to be objectionable, and it would yield back to the revenue probably more than would be taken away by the suspension of the excise on the material which can be grown in the colony.

“The present production of cigarettes in New South Wales is at the rate of sixty millions per annum, the excise on which is 2s. 6d. per pound, exclusive of the duty of 1s. per pound on the leaf.

“Allowing for the difference in population, the probable production in New Zealand may be set down at thirty millions per annum when the machinery is in full operation. An excise of 2s. 6d. per pound would yield £7,500 per annum to the revenue. This would still leave the manufacturer, distributor, and retailer a fair profit if sold to the consumer at 6d. per packet. Doubtless there would be some diminution in consumption, but the figures provide a fair margin for any probable shrinkage in this direction.

“*Conclusion.*—In order not to trespass too much on your valuable time we have refrained from entering into statistics or minute details, which, however, we shall be glad to furnish on your requesting them. We desire to say, in conclusion, however, as an indication of the importance of the industry, which we are prepared to initiate in New Zealand effectively, that in the Australian Colonies, since the first factory was established by us twenty-five years ago, there are in all about twenty-seven tobacco-manufactories in operation, which represent an aggregate investment of capital of about £900,000. They employ directly in the process of manufacturing about 1,800 hands, exclusive of the large number engaged on the land in the production of tobacco-leaf, the present annual production of which is estimated at 3,250,000lb., and is of the approximate value of £150,000.

“We desire to say we are not seeking anything in the nature of an exclusive concession or monopoly, and we have no doubt that our enterprise in New Zealand will be followed, as in the