

Australian Colonies, by competitors, which will bring about further investment of capital in this colony and extended employment, besides insuring to the producers of leaf-tobacco healthy competition and a permanent and reliable market for their product."

This letter was written some months ago, and if there are any alterations in the tariff it will be subject to them.

351. What is the excise on cigarettes now?—The duty is 3s. 6d. per pound—2s. on the leaf, and 1s. 6d. excise.

352. *Mr. Stevens.*] Do you suggest an increase in the excise on cigarettes?—No. I was pointing out the difference as between imported cigarette-tobacco and plug tobacco. The cigarettes would have an immense concession, whereas tobacco would have no concession except the 6d. per pound under the existing terms. Roughly speaking, I think at least two hundred to three hundred hands would be employed in the factory. There is now a machine for making cigarettes capable of turning out millions in no time; no labour is attached to it.

353. *The Chairman.*] Do you take into account the number of persons who would be employed in tobacco-growing, or do the figures you have given represent the total employment in the whole industry?—The industry would be a vastly important one to the colony in many districts, independently of a number of people who would be employed in all sorts of ways. Up to the present the development in the manufacture of cigarettes in New Zealand has not been considerable. The American Tobacco Company (which is nearly the biggest tobacco concern in the world) have opened an office in Auckland, and practically threaten the trade that they will make cigarettes in Auckland of all popular brands, and drive the business into their own pockets entirely if they are not deferred to. I am a little biased on that subject; but those are facts. The intention is to make the cigarettes cheap enough to command the business. The machines have closed a factory employing a great number of hands, and put a few boys in charge of the machine. One point I was asked to make quite clear. When my principals come here they will go into the question of growth, and the whole matter, not in any half-hearted way. They have ample capital, and are prepared to go into it thoroughly. They will send instructors round as they do in America to give instruction in growing the plant, and they guarantee to take everything the farmers grow. They desire no monopoly; but a reasonable chance to establish the industry.

354. Could we grow tobacco of a sufficiently good quality in this country to take the place of the imported leaf?—They say they see no reason why not; the proof is, taking Queensland, last year they grew thirty thousand pounds' worth of leaf, and it is increasing very rapidly.

355. The Queensland climate would be very much warmer than our climate?—I believe some of the States of America are not excessively warm.

356. *Mr. Stevens.*] It is about the temperature of Virginia?—At times that is hotter than you get here. One expert told me that he saw no reason at all why in parts of Auckland the finest tobacco should not be produced.

357. *The Chairman.*] What are the probabilities of locally-grown leaf taking the place of imported leaf?—The manufacturers wish is to get such locally grown, and if they do not get a good deal of local leaf the industry to some extent is a failure.

358. *Mr. Stevens.*] There was a tobacco-factory established in Auckland some time ago and tobacco-seed distributed throughout the colony: have you any idea why that did not succeed?—In the first place they had no money; then, again, it was doubtful whether the manager, as an expert, was a genuine article. It was a failure. Assuming a settler can grow tobacco, it is a difficult question if he is the only one; but if you get six or eight, and have your drying-sheds where they can take the tobacco and dry it, and where the factories can take possession of it, and give the farmers instruction, the difficulties are not believed to be great. Then you get the tobacco uniformly cured; otherwise you would have no uniformity in quality. It has been supposed, in debating this question, that the revenue would be very seriously interfered with, but I believe I am right in saying that where these factories are established in the other colonies the revenue has not suffered, although this excise has been allowed. It is asserted by local manufacturers that because a man can get a threepenny plug of tobacco of course he smokes more, and to some extent it adjusts itself, but the cheapening of tobacco to working-men has not induced any fall at all in the actual revenue.

359. *The Chairman.*] Do you think a duty of 1s. 6d. per pound on tobacco in favour of the local producer is sufficient to account for a large increase?—The establishment of a factory has not caused a diminution of revenue, and the cheapening of the article has kept the revenue stationary. We have that to guide us in the experience of three colonies where factories have been established and tobacco-growing has become a very important matter. So far as I am concerned, my principals are probably the largest and most experienced in the business. They are interested in factories on the other side; they have factories in America; and they are in every way capable of developing the growth from an agricultural point of view.

360. *Mr. McGowan.*] From your experience, knowing that this company that was established in Auckland was not a success, seeing that your company possesses capital, do you think they could not carry on under present conditions, and without the concession you require?—It is quite impossible. The duty in those days was less, I think, than it is now. My friends say in their last communication, "It would be impossible to start a factory under a smaller difference than 1s. 6d. a pound."

361. *Mr. Stevens.*] You spoke of the increase of duty on cigarettes: can you give me approximately what increase?—When I referred to that I was not suggesting an increase. I was only showing the protection that was now given to cigarettes. If cigarettes are made in New Zealand they pay duty as tobacco—viz., 3s. 6d. a pound. If they paid duty as cigarettes the revenue would receive 7s. a pound, or on the cigarette trade of the colony, say, £24,000, instead of, say, £12,000.

362. Have you calculated how it would affect the revenue?—Yes; to some extent. We can only judge by the other colonies, and it is stated that where these factories have been established (in Queensland, for instance) the revenue has shown no loss worth considering. You must bear in mind that for the first two years they made the tobacco in the colonies the colonials would not have it; they have only just now commenced to pay decent dividends.