

721. *Mr. Hutchison.*] You say you came back *via* Sydney, Mr. Phillips?—No; direct from Samoa *via* Tonga. The Union Steamship Company have altered the route of their line of steamers, and it is a very serious thing for New Zealand. People say it is going to ruin our trade. The Union Steamship Company used to leave Auckland and go to Tonga, Samoa, Fiji, and back. Now they go from Auckland to Tonga, Samoa, Fiji, and Sydney, and another steamer comes from Sydney back to Fiji, Samoa, Tonga, and Auckland. The Sydney people have taken advantage of this, and put on travellers, and are cutting us right and left. In my opinion, the Auckland merchants are charging too high for their goods.

722. *The Chairman.*] What populations do you count in the eight hundred millions?—Those of India, China, and the whole of Eastern Asia. I understand a subsidy of £1,200 a year is paid to the "Richmond" for trading to Rarotonga and Tahiti, and I should like to ask if that is so?

*Mr. Glasgow:* I do not know. It might be a postal matter.

*Witness:* Fiji allows importation free of harbour dues.

*The Chairman:* It is a question for the Commission to consider, whether it can make any recommendation on that head.

*Mr. Mackenzie:* I believe we went into some questions yesterday in connection with the Labour Department quite as germane as the question of recommending some alteration in the system of port charges.

723. *Mr. Tanner.*] Is the sugar imported from Fiji in the raw state?—I think it is partly refined. There is an immense mill in Fiji.

*Mr. Glasgow:* The statistics show that raw sugar is imported from Fiji, but no refined sugar.

724. *The Chairman.*] Broadly speaking, Mr. Phillips, you suggest that the most practicable way of fostering trade with the islands, and meeting the competition of Sydney, is by a liberal system of drawbacks?—Yes.

725. You do not ask that the tariff should be so altered as to admit duty-free a number of articles that are revenue producing, but you ask that these duties should be remitted in case of the goods being re-exported to the islands?—Yes.

726. We understand you to suggest that the Commission should point out to the Government the desirability, in making any mail arrangements over the routes you mention, of making conditions which, at any rate, would not operate against ourselves, but rather in our favour; and you point out that the conditions in connection with one mail line now give to Sydney an advantage it did not possess under the previous arrangement?—That is so.

727. You also suggest that a good deal might be done in supplying rope to the East. How is this to be assisted through the tariff? Do you assume that the rope you speak of is to be made from manila fibre?—From New Zealand flax and manila.

728. Then, we could not assist the industry by taking off any duty, seeing that none exists?—It might be assisted by taking off the duty on the machinery used in the manufacture, which is at present 20 per cent.

729. Then, it would follow that all rope-manufacturing machinery imported into the colony must be similarly treated?—Yes; I should like to see New Zealand free.

730. With regard to potatoes, butter, cheese, and oats of New Zealand production, how are we going to cheapen these with a view to commanding the island trade as against Sydney?—By specially subsidising the steamers on some of the lines proposed, and by getting the Custom and port dues reduced as much as possible. I do not want the Commission to assist our own productions, which can protect themselves as against the other colonies.

731. With regard to the items we ourselves import, obviously the only assistance we can render is by way of drawbacks?—Yes.

732. You also ask that shipbuilders' material might be allowed in, as much as possible, duty-free?

*Mr. Glasgow:* Such material is virtually free.

733. *The Chairman.*] You mentioned the probability of a considerable trade springing up in flour in certain groups of islands owing to the natives having acquired a liking for English bread: what is the population of the groups where this has taken place?—Tonga, 30,000; Samoa, 30,000; Fiji, 40,000.

734. Is the habit likely to become general?—The liking for bread is spreading.

735. Is there anything else which you would like the Commission to consider, Mr. Phillips?—I have deleted from my evidence certain portions which I was afraid the Commission would think inappropriate; but, as I am told the Commission is also for the purpose of encouraging our foreign trade, I will now mention them. The most practical way of dealing with and assisting our foreign trade is, in my opinion, as follows: (1.) To reduce or pay off our public debt. (2.) To reduce Customs duties to the Sydney level. (3.) To take away the borrowing-powers from Harbour Boards, which have proved so harmful in the past; cease harbour-making, take over their past expenditure, and reduce port charges all round. (4.) Our merchants to see that corrugated iron, kerosene, hardware, &c., are brought to New Zealand as nearly as possible within the Melbourne and Sydney rates, and not to rest content until this is effected. I need hardly point out to the Commission that these things involve very broad questions of statesmanship, and it is exactly as they are handled now that our small-farm settlements will be prosperous or otherwise. We may overdo the London butter market, and, unless we then have this neighbouring local tropical trade to fall back upon, many of our small farmers must throw up their farms. Yet upon the prosperity of our small farms depends, of course, the prosperity of all our manufacturing interests, and I am much surprised at the present craze there is for protection, two out of three persons coming before this Commission asking for protection of some kind. I would therefore respectfully point out to the Commission that we have close to our doors (in comparison with England) the largest markets in the world to exploit, and our duty is to render New Zealand as free as possible.