

MINUTES OF EVIDENCE.

WEDNESDAY, 14TH SEPTEMBER, 1904.

AUSTIN WALSH examined. (No. 1.)

1. *The Chairman.*] What are you, Mr. Walsh?—I am head of the company known as “Austin Walsh and Co. (Limited),” of Auckland.

2. Do you wish to make a statement?—Yes. I have prepared a statement to put before the Committee, giving particulars with regard to the industry from its initiation in 1883. The manufacture of cigars, cigarettes, and tobacco was started in Auckland in 1883 by the Auckland Tobacco Company, and for the following ten years the output of the factory was gradually increasing until in 1893 some seventy to seventy-five hands were employed in the various departments. The advent of the American Tobacco Company of New York into New Zealand in 1894, however, soon put a stop to the increasing business, their well-known methods of obtaining trade in opposition to local manufacturers being introduced into Auckland. A cigarette and cigar factory (the Dominion) was taken over by the “tobacco trust,” and immediately prices in these articles were cut down, making it impossible for the older-established factory to compete, resulting in the proprietors having to sell the cigarette business to the trust after suffering considerable loss of capital. Arrangements were mutually entered into by which the purchasers undertook to keep the cigarette industry going and to supply the vendors with locally made cigarettes required to carry on their business as tobacco and cigar manufacturers. After the transfer of the cigarette department the American Tobacco Company closed down this industry, and have refrained from manufacturing in New Zealand—drawing for several years their supplies from their American factories under various brands. Having now practically control of the trade, the A.M.T. Co. increased the price of these articles to the merchants, and instituted a system of so termed “distributors,” merchants not included in their list being debarred from purchasing their manufactures “first-hand,” necessitating their paying £5 per case, or 2s. per thousand extra over their more-favoured competitors. The increased price to the distributors was from 2s. 6d. to 3s. per thousand, all of which went into the pocket of the American Tobacco Company. The consumption in New Zealand about 1894 was somewhere about 40,000,000, the Auckland factory manufacturing fully one-fifth of the cigarettes smoked at this time. The increased prices charged by the A.M.T. Co. immediately resulted in large profits being made by their business, amply compensating them for the small outlay they incurred in purchasing the cigarette business of the local factory. Though in possession of two of the finest cigarette-machines invented, and able to command the services of expert operators, several of whom had spent many years at the trade, the A.M.T. Co. ceased cigarette-making, and the employees were thrown out of work, whereas had they continued the industry the largest proportion of the cigarettes consumed in New Zealand could and should have been manufactured locally, as is being done in Australia at present, the local-made article there having supplanted the imported article. At that time the Auckland company were manufacturing cigarettes, and smokers obtained a packet of cigarettes containing ten for 3d., these cigarettes being fully equal to, if not better than, the imported article, as was proved by the demands at the time. Since the American company monopolized the trade smokers have had to pay 6d. for a packet of ten in New Zealand, whilst in Australia the consumer has only been paying 3d. a packet for the same brands—Vanity Fair, Old Judge, Guinea Gold, &c.—the cigarettes manufactured in Australia being equal in all respects to those manufactured in and imported from America into New Zealand. The “trust,” or monopoly, now controls fully 90 to 95 per cent. of the trade in sixpenny packets in New Zealand. The question naturally arises, why should the smoker in New Zealand be mulcted to such an enormous extent as 3d. on each packet, and why should he be deprived from having the article at the same prices as his neighbours in Australia, simply owing to the monopoly preferring to import in lieu of manufacturing locally, thus keeping thousands of employees out of work here and favouring workers in America and England? In further pursuance of their “grab-all” policy, the A.M.T. Co. of New Zealand broke the arrangements made with the proprietors of the only local factory as to mutual prices being charged for cigarette tobacco, originally agreed upon as not to be less than 5s. 2d. per pound net. Even in the face of the increased duty on leaf tobacco of 6d. per pound the prices were cut from time to time down to 4s. 4½d. per pound—of course, only to their distributors—resulting in severe loss of capital to the local factory in their efforts to keep the tobacco industry from being extinguished. The A.M.T. Co. entered into contracts with their distributors at these low prices, thus practically precluding those merchants not on their list from purchasing from the Auckland factory, who could not sell the article at the price quoted, and to whom the trade could not pay more in competition with the A.M.T. Co.’s product. Ten years ago about 80,000 lb. weight of tobacco passed through the Auckland factories in one year: now only about one-tenth of this quantity is used. Several of the largest customers of the Auckland factory have been put on the A.M.T. Co.’s list, thus practically closing the factory’s output. The trust now dictates to its distributors, and forbids them dealing in the locally made article or any imported article not manufactured by members of the tobacco trust. It regulates the price to be charged to the retailer, and is constantly raising the prices of its products to the wholesaler and retailer. This will undoubtedly result that in New Zealand, as has proved to be the case in England and elsewhere, the retailer will be deprived of any legitimate profit, and only those retailers vending the manufactures of the trust solely will be allowed to