

in the powder if I do not take it for this purpose. I draw it from the magazine. I have to pay for it with the cartridges, except for freight, &c., which we have until two last shipments paid.

8. *Mr. Lawry.*] Did you have to pay freight on it?—All of it except the last lot.

9. *The Chairman.*] What is the money-value of the powder?—1s. 2d. a pound weight at the store; against that has to be set what we have in hand. We have on hand to the value of £3,000 to £4,000, none of this being of any use for any other purpose.

10. Neither the powder nor the stores?—Neither the powder nor the stores. The Government at the beginning of this year, without any notice, sent us word that they would have no further use for Snider ammunition, in consequence of their going to change the arm. The whole of this enormous stock is therefore thrown on our hands.

11. Are you aware what is the pressing necessity for changing the arm?—The present arms are worn out. I do not think there is any necessity not to use up the stock. They could use it if the Sniders were kept on for three years.

12. But you say they are worn out?—No doubt they have been worn out since coming to the colony; but there are some in the colony, a few, that are not. But we would not have anything to complain of if the Government had given us due notice not to order more stores. The great point in the whole business is that they actually ordered powder themselves, which shows that they expected us to order other things. To show the value of our works I may state that, when in Wellington the other day, the Secretary of Defence, so I heard, had given an order for Martini-Henry ammunition, which would have taken him at least twelve months from the time of the order to procure—that is, before it was delivered here, while our works are able to send it to Wellington in less than ten days, even though we had to get it from our branch works. Up to the end of last year all their promises were carried out by the Government, except that of the understanding that no more ammunition should be ordered from England.

13. Was there an understanding to that effect—that does not come out clearly?—There was an understanding with the Commander-in-Chief, if we undertook to manufacture ammunition, provided it passed the test, that all the ammunition that was required should be taken from our factory. The actual wages paid by us during last year for the manufacture of Snider cartridges for the Government was £2,300 1s. 10d., all of which money would have been lost to the colony if that ammunition had been purchased in England; besides which, when ammunition is ordered in England, cash has to be put down with the order—£4,000 or £5,000—and the interest on all that money is lost to the colony. Then, in addition to the money paid for wages, there are the local expenses for stores and so forth in connection with the ammunition manufactured in the colony. This amounted last year to £1,400. I may also notice that the Government has been charging the Volunteers an increase over the cost-price of ammunition. We have received a letter from Colonel Hume which raises more than a doubt as to whether the Government intend to purchase any more Snider ammunition whatever. Such being the case, we cannot point out too strongly the want of justice which does not give us notice before we ordered these stores. One of the great troubles which this company is labouring under at the present moment is the determination by one of the leading firms in England to undersell the company, even to the extent of 25 per cent., no matter what price we charge for the article we manufacture. We find it impossible to compete with this for the following reasons: We have to pay 6d. a pound weight duty on sporting powder, 5s. per hundredweight extra *ad valorem* duty on paper, 10s. a hundredweight on shot, 1s. a thousand on caps, while the manufactured article is allowed to be brought to New Zealand for the ordinary duty of 15 per cent *ad valorem*. It is found very much cheaper to import the loaded cartridges than to import the materials and load them here under these conditions. The Hon. Mr. Ballance has indeed promised to put a duty on imported cartridges, but no definite time has been fixed. In the meantime, until such duty is imposed the company will be totally unable to carry on their operations, and must otherwise sustain very serious loss. Seeing that the company came forward at a time when the colony was in a very serious predicament, we think we are entitled to some consideration at the hands of Ministers.

14. I would ask you what is your position in case these concessions are not granted to you?—The position is that there will be from seventy to one hundred and fifty people who will not have constant work.

15. But what will be your position?—We cannot carry on.

16. *Hon. Mr. Mitchelson.*] You will have to close up the works?—Yes.

17. What amount of money is invested in the works?—£15,614; but there is cost of carriage of machinery. I do not hesitate to say that the whole cost if worked out would be shown to be £20,000. The loss to the country would not be less than £5,000 a year.

18. What is the value of the material you have imported under the belief that the Government were going to continue to take these cartridges?—Over £3,000. The stores on hand would be good to load over one million cartridges. I do not wish to push the Government in any way. But there is a firm in England which has sent its traveller round promising a large reduction to the extent of 25 per cent. on the price, so as to undersell the cartridges made by the colonial company in Auckland. Mr. Simpkin, of Messrs. A. T. Birt and Co., of Dunedin, will corroborate this statement.

19. *The Chairman.*] He is your informant?—Yes; I myself have been told that the firm in question are prepared to spend a very large sum of money to drive us out of the market. If there is a duty put on there is no intention on our part to charge the public more than they ordinarily pay.

20. *Mr. Pinkerton.*] What duty: how much? The Hon. Mr. Ballance proposed to put 30 per cent., or more if required, on imported cartridges, but he has not said how soon, or given us anything in writing. He says to us, "I will support you in every way I can, and I will give you 30 per cent." In the meantime we have not the 30-per-cent. duty, and we must pay all these charges. How is it possible to compete with people who send here the manufactured article without having to submit to such deductions as we are subject to for material, and pay a duty on the whole no greater than what we have to pay for extra material?