

thought it might be worth considering whether he might as a temporary substitute make sporting ammunition. Acting upon that suggestion he got a plant, and has succeeded in turning out very good sporting cartridges. He, like many other manufacturers in this country, finds that he cannot contend against the English-made sporting ammunition, which, when purchased by large firms, they have a considerable discount given to them; and he asked me if I would represent to this or any similar Committee that he stood in the position of asking the colony to give him some protective advantage which almost all other industries enjoy. The result of his first work here was that in Victoria they were exceedingly jealous of it, and, failing themselves to get any one else to undertake a thing of the kind, had to come to him, and he has now excellent works there, which are giving very great satisfaction. Captain Whitney had not had much experience in negotiations with Colonial Governments, as it would have been wise for him to have had, for all his arrangements with the Government were verbal. He took their word for it, and thought, as an honourable gentleman himself, that when once a thing was said to him on the part of the country it would be an honourable obligation; and it stands very much on my conscience that I was in any part the cause of his devoting the whole of his patrimony to a thing which appears now to be very nearly all lost, although, at the same time, without his manufacture we could not have had the means of defending ourselves from any kind of invasion by the smallest hooker. I said just now that the first ammunition was a failure, and so it was, but he withdrew every bit of it and sold it at an absurdly small price to a gentleman, who sold it again in Samoa; and, though that ammunition was really not up to the mark for target firing, nevertheless it was quite sufficient to enable the Samoans to hold their own against the German troops when they landed.

2. *Mr. Tanner.*] Was it used there?—Yes. He sold it for anything he could get. It was afterwards sold to the Samoans. He was no party in any way to that sale. I mention this to show how far, incomplete as the manufacture was, it added to our security, as the Samoans were able to repulse the Germans by using those very cartridges that we had condemned. Of course, although Captain Whitney did not succeed in making excellent ammunition, which is beyond dispute, the reason was that the machinery was ridiculously antique. I saw it in their manufacture at the first. I think he lost about £5,000. Unless you ask me about any points I have not explained I think that is all I know about the matter. There is one thing more I may mention; it has reference to some lease of land at Mount Eden. That was a distinct promise to him, but I am bound to say, as explained to me when I had remonstrated with the then Government, there was some legal difficulty about giving a lease, and I think they promised to have that rectified. It is a little piece of useless stony land just adjoining the gaol. I have seen the factory constantly, and saw that it employs a considerable number of hands. He tells me that in peace the amount of ammunition required would hardly be enough to carry on the work, still if he has the protection of sporting ammunition he would make the one help out the other.

3. Since the agreement of a verbal character with Captain Whitney the Government have imported half-a-million rounds of ammunition outside of that agreement?—Yes.

4. At what date was that imported?—That is, of course, a very material question, and I recognise a very fair one; but it is a curious thing that, although it is a comparatively recent importation, it is not strictly speaking a breach of the agreement. The reason is the vessel came out here very long after our requirements with the order from the Defence Department. That vessel was lost, and before the news got Home and a new supply could be reordered—a year or two years, I believe—it was practically an old order, although it might have been very well avoided, as it was insured, and the Government could have fairly paid for it, and gone on with its own manufacture. Nevertheless it was not a deliberate breach of the agreement, but it was the recovery of the balance of an order which had not arrived in time.

5. Which order, in the first instance, might have been given to Captain Whitney?—I think so. It was in the power of the Government, having received their insurance, not to reorder. I have explained what I thought at first was a bad breach of agreement. From the explanation of the Defence Office, it is not proved to be exactly that, although, if they had been anxious to favour their own manufactory, they might have evaded it.

Lieutenant-Colonel HUME, Acting Under-Secretary for Defence, examined.

6. *The Chairman.*] We have asked you to attend to give evidence—to state what you know with regard to the agreement that was made with Captain Whitney, of the Colonial Ammunition Company; also, as to the fitness of the ammunition supplied, and any other matter in connection with it. The Committee is making inquiries with the view of ascertaining what can be done in order to encourage industries?—I may state, with regard to the first arrangement made with Captain Whitney, he offered to put up a plant in Auckland if he was given a site at a peppercorn rent. He was given a site for five years, at £12 a year, on the Gaol Reserve in Auckland, because it was adjacent to the magazine and also to the rifle-range; in fact, he selected the spot himself.

7. You say he was given a lease of land?—Yes, for five years.

8. Are you sure that the lease was issued?—I think the lease for five years was issued; but when he wanted the lease renewed it could not be done. I know I saw the lease, and it was signed by the Governor. He wanted the lease renewed for twenty-one years. The question cropped up then that you could not lease a reserve unless it was put up to auction or tendered for. He has not been disturbed in the meantime. There must have been a great deal of verbal arrangement with him. The only one I find on paper is the one which states that we were to take two million rounds of ammunition from him at a certain price.

9. You say that is on paper?—That arrangement is on paper. I can supply the Committee with a copy of that arrangement. Then some difficulty began in this way. The Russian scare was on at this time, and the Government wanted some ammunition in a hurry. They tried to get some colonial powder somewhere in Otago, and they did get it. Captain Whitney pointed