

think we would be justified in putting on a larger duty, for the evidence is clear that they intend to drive the colonial-made article out of the market by underselling. Of course the object of underselling or sacrificing the article is to kill the colonial industry, with the view of ultimately raising the price. I have expressed the opinion that a higher duty ought to be imposed if the object be to undersell and drive Captain Whitney out of the market.

TUESDAY, 16TH AUGUST, 1892.

Hon. Mr. SEDDON examined.

1. *The Chairman.*] We have asked you to give us any evidence that you can in regard to the cartridge manufactory of Captain Whitney and Son. We have already taken evidence from a number of experts, and amongst them the officers of your department, who spoke in the highest terms of the product of that factory. The difficulty with the factory is that, in consequence of a change of the arm from the Snider to the Martini-Henry, they have a large amount of material thrown upon their hands; and that the Government also have a large amount of powder which they imported for the purpose of being manufactured for Sniders. Captain Whitney was here, and he seems to think that the purchase of that powder by the Government was an indication to him that he should provide the other requisites to make the cartridges—that, seeing him in that position, the Government should try to taper off as much as possible, instead of stopping, virtually, the whole supply, which is ruinous to him, and he says will drive him out of the country. I may say that of the experts that have been examined, the consensus of evidence—as given in those documents which I have handed to you for your perusal—is to the effect that the ammunition manufactured lately by Mr. Whitney bears favourable comparison with Ely's, which is the best, and that it is superior to the other ammunition manufactured by the firm of Kynock and Co.; and that the latter people are making great efforts to destroy the possibility of a factory being established in the country, by cutting down prices below the cost of manufacture at Home; that, in order to protect the colonial manufacturer against efforts of a large firm such as that, taxation should be put on in such a way as to give them a chance; and they say that if that were done they would guarantee to supply the Government with ammunition at the price that Ely's manufactory supplies the Government at Home, *plus* charges?—Well, first of all, you must go back beyond the dates you have taken in evidence as to the question of quality.

2. We have evidence that at the start of the manufactory the ammunition was very poor, and it was returned frequently; that by repeated efforts they have now got their factory into a very good working state, and that now it is satisfactory both to Colonel Hume and to Colonel Whitmore, and also another gentleman from the department who was examined; that the manufactory is now all that can be desired, and that the former fault has been remedied?—All we know is that the company to a great extent destroyed our confidence in using the ammunition by the quality of the ammunition they produced. You will see in the evidence of S Battery the testimony of the officer in charge of the filling. He says that in the refilled cartridge bullets were too loose—not enough powder in them; and when attempted to be used they would miss fire. That was ammunition manufactured in 1890; and there is no doubt when I came into office I found the feeling of the Volunteers against the locally manufactured ammunition was very strong indeed.

3. It would be as well for me to state that that has already cropped up in the evidence of Colonel Hume, who qualified it by stating that some of the condemned ammunition was afterwards sent to an officer in Auckland, who tested it, and who gave a report showing that the failure of several trials occurred through badness of the arm. He got a very different result, and a result that was creditable to the cartridges?—That was only in cases of missfire of the Snider rifle; it would not apply to missfires of batteries through loose bullets and refilled cartridges. There have been cases, no doubt, where the weapon itself has been the cause—there has not been sufficient strength in the fall of the hammer to detonate the cartridge; at all events that was the position I found things in when I came into office.

4. Then the Committee are to understand that your impression is that Mr. Whitney has been manufacturing a defective article?—Some time ago the article was not up to anything near the mark.

5. But has not that been remedied?—That has been remedied; the article that we have been receiving, manufactured in 1891, has been a very fair article, and compares favourably with the imported article. Now we come to the question of the importation of the powder. We, by arrangement with Mr. Whitney, import so many pounds of gunpowder, and it is in accordance with that arrangement that this powder has been imported. Had we not imported, and had left ourselves in the position of receiving no notice whatever from Mr. Whitney, and had no powder from Home, that the company would have blamed the Government. We simply import under this arrangement; we did so in accordance with the arrangement. There is no contingent arrangement that Mr. Whitney would take it, or that we would take ammunition equal to the amount of the powder that we imported. Had we been notified by Mr. Whitney that he wished the importation to cease, and that he would not be able to use the powder in accordance with the arrangement, then we should have stopped the importation, because we know that powder with age deteriorates.

6. It has not been made to appear to the Committee that Mr. Whitney was in any way a party to stopping of supply to the Government. It was represented to us that the supply to the Government, for which that powder was imported, was stopped by instructions from the department—that they would not take any more—in fact, by an order being sent Home for some supplies?—The stoppage of the manufacture by Mr. Whitney was simply because there was no demand. It was no part of our arrangement with Mr. Whitney to take more than was required. We were not bound to take his ammunition; we made that clear to him. There was no such arrangement that we were bound to take all our ammunition from him. The quantity that was to be taken, under the