

first arrangement, had been taken, so that Mr. Whitney is in the same position as a vendor to the Government as any other persons. He has never notified to the Government, in any way, the question you have raised about the importation of the powder—that that has been an inducement to him to import other material in keeping with the quantity of the powder that we imported. We say that the importation of powder was under arrangement—we kept our part of the arrangement.

7. You say that the importation was under arrangement. Was it not under an arrangement for the supply of cartridges to the Government?—No.

8. Was he at liberty to use that powder for any other purpose?—Yes. We do not question what he does with it.

9. *Mr. Pinkerton.*] You are bound to keep a supply of that powder?—Yes. We contend that by doing that we get a better class of powder. Now, with regard to the prices, the Volunteers, from one end of the colony to the other, complained of the prices that were being charged. We had to get the cartridges from Mr. Whitney; we had to distribute them; we were bound to send the cases back. I found that the Government were selling the cartridges at 8s. 4d. a hundred, and we were losing about 3s. a hundred on the transaction. I then commenced to make inquiries as to the stock on hand, and as to the amount we could get the cartridges imported for; and the result of the inquiry proved to me very clearly that we were paying too much. Not only that, but some Volunteer companies clubbed together and sent Home their own orders. Since that, Mr. Whitney has interviewed me in Wellington. He has offered to supply at the Home prices; but he wishes us to take the published list, to strike an average of same, and make that the price as though it was supplied from Home. In addition to that there was to be freight, insurance, and other charges.

10. Would that include Customs duty?—There is no Customs duty. On those terms I refused, for this reason, to take the published list: after inquiry, I find that you can buy considerably under the published list; that the firms, in publishing the list, have certain reservations—certain commissions, discounts, &c., which are allowed, and so on, and that I can purchase at considerably less than the published list; but I informed Captain Whitney that I was prepared, after ascertaining the English price, to give him the preference at that price—to give him the advantage of freights, insurance, and other charges—so that the point at issue as between us would simply be the question of ascertaining what the English price was. He wanted me to take the published list because it is not really the price that I could get the article for. It is the wish of the Government to give Mr. Whitney the preference, and encourage his industry. The only condition that we asked for was this: we think there is quite sufficient margin in the freight and other charges, without paying him more than what we could buy the ammunition for in England.

11. *The Chairman.*] There is no difference at all?—No difference when we import them—the stipulation of course being that the quality of the article must be as near as possible to the English manufactured article. Now, as to the reason for the importation of the Martini-Henry ammunition. I found there was none in the colony. The store was empty. I had to get 100,000 rounds from Victoria. The thing that Captain Whitney does not seem to have taken into consideration is this: that the rifle clubs and Volunteers who previously used the Snider now use the Martini-Henry rifle. There are more of the latter now, and it is coming into favour year by year. There has been an increased demand for Martini-Henry ammunition and a decreased demand for Snider ammunition, which he does not seem to have taken into consideration at all. Now again, following that, we knew that the Snider must disappear. We know there will be a diminished use for the Snider ammunition in stock; and I consider we have stock enough for some considerable time. Knowing that it deteriorates with age, if we go on procuring, it simply means that in the end it will be a serious loss to the colony, because we shall have to condemn it altogether as being perfectly useless—some manufactured perhaps in 1890 and 1891. Since that there has been a Commandant appointed; and, so far as I have been able to gather from him without having his general report, he condemns in a wholesale manner the old Snider rifles now in use. No matter how good the ammunition may be (and he speaks very favourably of Mr. Whitney's ammunition manufactured in 1891), he says the weapon is obsolete and worn out; and he strongly recommends a change; and, so far as I could gather, that change would be in favour of the Martini-Henry rifle. The Government have ordered some Martini-Henry rifles from Home; while giving no reason why, we should be very careful in ordering Snider ammunition. What is the use of the colony ordering and getting a supply of Snider ammunition manufactured for the purpose of keeping Captain Whitney's works going on, when, from the present outlook, it may probably never be used? It would simply remain as dead stock in the hands of the Government, deteriorating from year to year. When the stock is reduced to a reasonable limit it is our intention, subject to the conditions that I have mentioned, to give the preference to Mr. Whitney's works. As to the question of placing a Customs duty upon the article, and making it payable upon all that is imported—my view of that question would be simply that it means, by a corresponding amount, increasing the price of the article to the Volunteers and those who are using it. Touching the proposal submitted by Mr. Whitney as to ordering plant and machinery for the manufacture of Martini-Henry ammunition, I should be quite prepared, on behalf of the Government, to deal with him as to this class of ammunition the same as with regard to the Snider ammunition. It must be a different powder used for the Martini-Henry rifle. I may say that I have had to sell large quantities of powder, some of it eleven years old; I had to dispose of it for very small sums at a very great loss, for blasting and other purposes. There must have been no system at all. I should, after reading Mr. Whitney's evidence, consider myself justified in relaxing the arrangement as to the importation of powder. This is the first indication we have had from Mr. Whitney that the importation of that powder by the Government was to be taken as a guide to him in importing the other material.