average duty is 142½ per cent. If you take the cheaper grades of cigarettes sold, the duty runs from 180, 185, to 255¾ per cent. Coming to the retailer and taking all the leading brands, his average profit is 62 per cent. upon the duty-paid price. In this city Capstan tobacco, in 1 oz. tins, has always sold at 6d., but the retailers have lately made it 8d. per tin. That tobacco has been sold by the wholesale houses at the same price for about twelve years.

136. *Mr. Witheford.*] Is it not a fact that Old Judge cigarettes were sold in Auckland at 3d. a packet of ten, and are manufactured and sold in Australia at 3d., but that after the Auckland factory was closed down the price was raised to 6d. ?—Not at all. Old Judge cigarettes have never been manufactured in New Zealand. In connection with Messrs. Austin Walsh and Co. (Limited) and the statements which have been made in the Press regarding my company, I would like to read a statement I have prepared. It is only fair that we should be heard on the subject. The promoters of Austin Walsh and Co. (Limited) have been making mendacious statements reflecting upon the American Tobacco Company of New Zealand (Limited). I have made very careful inquiries and find the true facts are briefly these: that the American Tobacco Company of New Zealand (Limited) bought from Mr. Walsh some ten years ago his trade-marks and rights for manufacturing cigarettes in New Zealand, and also the machinery for same, for which they gave him a large sum of money. He also entered into an agreement with the company that he would not be directly or indirectly engaged or concerned in the business of manufacturing cigarettes, or permit the name of the firm of Austin Walsh and Co. to be used or employed in carrying on, or in connection with, the manufacture of cigarettes at any place within the Colony of New Zealand for a term of fifteen years—and that term has yet about five years to run—he having the right to continue to manufacture all grades of tobacco, cigars, and leaf-wrapped cigarettes, with the exception of cigarettes wrapped in paper; and he continued to carry on business for a number of years, and the American Tobacco Company of New Zealand (Limited) supplied him with their goods. The American Tobacco Company of New Zealand (Limited) continued to supply their goods to Austin Walsh and Co. (Limited) until their credit was openly discussed in Auckland, and then the company declined to supply them. Now, coming to a very important point, as already stated, Mr. Walsh received a large sum of money from the American Tobacco Company of New Zealand (Limited), and entered into an agreement with them as explained, and in face of that agreement he becomes a party to the flotation of Austin Walsh and Co. (Limited), and started the manufacture of paper-wrapped cigarettes. The American Tobacco Company of New Zealand (Limited) called upon him to explain his action in this matter, and asked him to refund the money he had received, as he had broken his contract. This money has never been returned to the American Tobacco Company of New Zealand (Limited). I submit a list of the distributing agents of the American Tobacco Company of New Zealand (Limited), which comprises seventy-four of the leading mercantile houses throughout New Zealand. The American Tobacco Company of New Zealand (Limited)'s relations with their clients are of a most cordial business character, and the company has been doing business all these years in the colony, with shareholders both in New Zealand and Australia, and the English shareholders are a British company.

137. *Mr. Hardy.*] I notice from your return that Juno 7½s cost the retailer 4s. 10½d. per pound and realise 6s. 3d. net: how can you make that out when it is selling at 9d. a stick ?—It is selling at 10d., except in Dunedin, I think. They are cutting there.

138. Its average price at Ashburton and Christchurch is 9d. a stick ?—At Christchurch it is selling for 10d.

139. *The Chairman.*] Are the retailers who buy from the merchants bound to sell it at that price ?—No. The retailer is a free-lance. The retailers arrange their own tariff and are masters of the situation.

140. With regard to locally made goods, why could they not be manufactured at 100 per cent. less than the imported article quite as well as in Australia ?—Because the business is all centered in Melbourne and Sydney, which contain half the population in each colony. The ready distribution and larger consumption there reduce the cost of the output as compared with the scattered population of New Zealand and the heavy charges caused by the goods having to be shipped to so many different ports. In Victoria and New South Wales the complete railway system from Melbourne and Sydney reduces the cost of distribution.

Packet Tobacco (Duty, 3s. 6d. per Pound).

Brand.	Merchant drawing Supplies from the American Tobacco Company of New Zealand (Limited).					Retailer drawing Supplies from the Merchant.				
	Buys Case Lots at per Pound in Bond (Net).	Sells Broken Packages at per Pound in Bond (Net).	Profit per Pound in Bond.	Percentage of Profit per Pound in Bond.	Average Profit of Merchant on all Lines.	Buys Broken Packages at per Pound, Duty paid (Net).	Sells at per Packet, realising per Pound, Duty paid (Net).	Profit per Pound.	Percentage of Profit per Pound.	Average Profit of Retailer on all Lines.
	s. d.	s. d.	s. d.	Per Cent.	Per Cent.	s. d.	s. d.	s. d.	Per Cent.	Per Cent.
Old Judge, 2 oz. ..	3 2	3 8	0 6	15	23	7 2	10 0	2 10	40	44
Vanity Fair, 2 oz. ..	3 0	3 8	0 8	22½		7 2	10 0	2 10	40	
Old Gold, 2 oz. ..	2 2½	2 7	0 4½	17½		6 1	8 0	1 11	32½	
Golden Long Cut, 2 oz.	2 2½	2 7	0 4½	17½		6 1	10 0	3 11	65	
Melrose	2 5	3 5	1 0	42½		6 11	10 0	3 1	42¼	

Merchant's average buying-price, 2s. 7d. per pound; duty, 3s. 6d. per pound = 135 per cent. on buying-price.