

226. Would that be due to the fact that the companies paying dividends manufacture certain articles that you do not manufacture?—We manufacture cloth. The cutting of it up into garments is another branch. I think the risk would be so much extended in the manufacture of the clothing that it is not worth our while to do it.

227. As to competition, do you find that you cannot compete with other companies successfully?—We can compete as regards making the good articles, but when our traveller goes round he finds that the inferior, shoddy stuff floods the market.

228. I mean, competition with the other mills in the colony?—We can compete with them, our machinery is first-class, and we are running it full time, but it is a question of running a large plant and not making money. Our subscribed capital is only £14,300.

229. With regard to your method of doing business, is it done by agreements or on terms?—During the last three years our customers have been paying cash, but before that we allowed them 3¼ per cent. or took their promissory notes.

230. The companies do not bind the drapers by agreements for a certain length of time?—No, but we did it once.

231. Are the majority of the drapers free to buy from any company they like?—I think so.

232. Would you advocate the stamping of common goods to indicate their quality?—Yes. They should be stamped when passing through the mill.

233. What would you put on?—I think I would put on “Shoddy.”

234. Is there any branch in the manufacture of woollen goods not yet established that you think we can encourage?—I do not think there is any person in the colony who would under present conditions embark in any manufacture that would require labour.

235. But is it not a fact that the labour or number of hands employed in woollen-factories has increased?—Not in proportion to the increase in population. When I first went into the business we used to make the goods about two-thirds better quality than they are now, but you could not make that class of stuff now to pay.

236. That is due to the increased importation of shoddy goods?—Yes; but until now the companies have not made their grievances known, and have been screwing down their expenditure in order to protect their shares. I think where a company turns its product over three times in a year, such as is the case with woollen goods, the business ought to pay more than 7 per cent.

237. Is it your opinion that dividends will be less in future than they are at present unless some remedy is found?—In my opinion, the future outlook for the woollen industry in New Zealand is very serious indeed.

238. What would you suggest to cope with the difficulty?—You must impose a prohibitive duty on the shoddy goods coming into the colony, but not on all-wool lines.

239. And in order to save the position you advocate a duty being placed on shoddy goods?—Yes. Cotton is the backbone of shoddy. By dissecting a piece of cloth you find that they wrap the shoddy round the cotton thread in order to give backbone to the shoddy cloth.

240. *Mr. Witheford.*] In speaking about the present capital of the company of £14,300 you did not refer to the original amount that was invested in the mill?—No. The original value of the machinery, and so forth, was £40,000.

241. And when you pay a dividend you pay it on the £14,300 only?—Yes.

242. It is owing to the importation of cheaper goods that you are now prevented from getting a fair dividend?—Yes; although we are actually working a concern that takes £40,000 to run we cannot make a dividend on £14,000. We are run clean out of the market by the importation of shoddy goods.

243. And if the importation of these shoddy goods continues unchecked you will have to close down your mill?—Yes. In this connection I may say that the representatives of other companies will not come and make a statement such as I have made because it would affect the price of their shares.

DAVID L. PATTERSON examined. (No. 4.)

244. *The Chairman.*] You are?—Acting manager of the Oamaru Woollen-factory Company (Limited).

245. Would you like to make a statement, or would you prefer to answer questions?—Most of what I would like to say has already been said. The increase of late years in the importation of woollen goods has been greater than the increase in our colonial manufactures, and this is due to two causes, the importations of short lengths and of shoddy goods. Those are the two things that we have to compete against. Mr. Hercus explained the position with regard to the short lengths, but it is a much more serious question than some people suppose. In the case of the present duty of 20 per cent. on goods costing 5s. we have a cover of 1s., which I consider is sufficient; but on shoddy goods, costing, say, 1s. 3d., the protection is only 3d., which is very trifling. That is all I have to say, unless it may be of interest to the Committee to explain what “shoddy” means. I have been Home and gone through mills working shoddy, and therefore can speak with authority. “Shoddy” consists of old garments which have been bought and torn up by machinery, then carded up and worked into yarn. Cotton is then added to it to give the material the necessary strength. Occasionally cheap, coarse wool is added to it.

246. *Mr. Harding.*] Could you not make shoddy here?—We have not got the cotton here, nor the cheap labour.

247. They have not got the cotton in England?—But they have a free port and a bigger output. Our market is so limited—the population of New Zealand is so small.

248. You do not think it would pay to put up a shoddy-mill here?—No, because there is a lot of labour required in picking the rags.