

249. *Mr. Bollard.*] The cheap labour, elaborate machinery, and the large population beat you ?—Yes, all except the elaborate machinery. Our machinery is equal to that at Home.

250. *The Chairman.*] You are quite satisfied with the present tariff except in regard to shoddy goods and short lengths ?—Yes.

251. The Oamaru mill has been fairly successful during recent years, has it not ?—Yes.

252. And it is still doing well ?—Yes, fairly, but the indications for the future are not so good. We find the competition keener and tougher.

253. Do you make anything special ?—We practically make nothing but men's tweeds. We are, I think, about the only mill in the colony confining ourselves to one thing.

254. Do you find there are difficulties in the profitable manufacture of tweeds now ?—Yes.

255. *Mr. Witheford.*] Do you consider that your business has been injured by the importation of shoddy goods ?—Yes.

256. And you consider that the outlook is very serious ?—Yes, there is every indication of it. During the last three years things have been steadily getting less satisfactory.

257. *Mr. Hanan.*] Has the number of your hands increased during the last three or four years ?—It has been practically the same.

258. What dividends has your company paid ?—We pay at present 9 per cent.

259. What did you pay last year and the year before ?—Nine per cent., I think. We have paid 9 per cent. for two years, and before that we were paying 8 per cent.

260. You heard what the last witness said as to how the dividends were made up ?—Yes, but our balance-sheets are absolutely correct. For ten or twelve years after our company started no dividends were paid. The shares were unsaleable, and the money that was being made was put into plant—actually into capital—so that our capital represents a very small sum compared with the business involved; and although we are paying 9 per cent. we are probably only earning $4\frac{1}{2}$ per cent. on the actual amount of money invested.

261. Can you give us any explanation as to why the Onehunga mill—the only mill in the North Island—is not prospering ?—It may be due to the importation of shoddy goods.

262. But notwithstanding the importation of shoddy goods you have been able to pay a dividend of 9 per cent. during the last three or four years ?—Two years.

263. While in the North Island, which has only one mill, the Onehunga mill is not paying a dividend at all: how do you account for that ?—I cannot make a statement as to another company's affairs.

264. With regard to prices at Home compared with the prices in this country, do we not get better prices for New Zealand goods, notwithstanding the price of labour, than they do in the Old Country ?—On the average we do not. At Home some people sell remarkably cheap stuff, but averaging it all round on the average cost of production they do better at Home than we do.

265. That is simply a speculative opinion that you express ?—Yes.

266. *Mr. Bollard.*] Can you tell us the average dividend your company has paid since you started, on the capital actually spent on plant ?—I cannot. There is such a heavy item for depreciation. We are continually buying new plant.

267. *Mr. Hanan.*] What is the average profit on goods sold by you ?—It varies very much.

268. Give me two or three instances ?—I know cases where our goods have been sold at less than we have sold them to the retailers for, and I know of other cases where 50 per cent. has been put on. The average may be $7\frac{1}{2}$ per cent., or perhaps 10 per cent., but I would not like to say any definite amount.

269. Take tweeds for men's clothing, what profit do the retailers get ?—They sometimes buy a pattern and afterwards let it go at any price. They are glad to get cost frequently, but they have perhaps made their profit on what they have sold at an earlier period. It is impossible to get at it without statistics.

WEDNESDAY, 19TH OCTOBER, 1904.

FREDERICK M. KING examined. (No. 5.)

1. *The Chairman.*] You reside in Auckland ?—Yes; I am a clothing-manufacturer in Auckland.

2. Would you prefer to make a statement, or would you like to be questioned ?—I would prefer to make a statement, and then answer any questions that may be put to me. Regarding the woollen industry and the taxation of woollens, Mr. John Foster Fraser, in his book "America at Work," says, "There are, however, several reasons why American textiles are poorer than our own. There is the tariff. When the tariff was cut down a number of years ago the American woollen-manufacturer found himself hard hit by the fine and cheap goods sent from Yorkshire. He met the competition in two ways—first by producing a better article than he had ever done before, and by clamouring for a reimposition of the heavy duty. His clamours succeeded. Up went the tariff fence again, shutting out English wares, and down, with a rush, came the quality of American goods." This bringing of the goods down in quality and the increased duty upon goods had the effect of decreasing the purchasing-power of the people. It was not because the woollen-manufacturers themselves wished to make a commoner article, but the community, having only a certain amount of purchasing-power with which to buy these commodities, got less commodities for the same amount of money, and therefore demanded cheaper goods. Our New Zealand mills have increased their producing-power from £279,175 in 1890 to £359,382 in 1900, and during those years we have heard nothing of an increased duty on woollens because they were progressing very satisfactorily. If we turn to the Year-book we find that the number of woollen-mills in the colony is ten, employing 1,693 hands, and they paid out wages