

market. We have put our tobacco which has gone wrong, and we have had it returned to us. We have had the experience, however, and have reached the stage when we know what to do.

6. *To Mr. Craigie.*] If manufactured tobacco is brought in, we have a preference of 2s. 6d. per pound, but if the raw leaf is imported we have a preference of 1s. Labour is the biggest item in our expenses. In Australia Chinaman labour is largely used, and in other countries they have coloured labour. Our output is quite good enough to say that we will continue. Different countries will grow different qualities of tobacco. The strength of the tobacco is done in the manufacture: it is not in the growing. It depends on the ingredients. We have never pushed the farmers to take up the growing. Some people in Hawke's Bay have experimented, but we have not encouraged them to go into it. We have invested our money and pioneered the whole thing, but if our opponents operate against us we shall have to close up in the finish. If the £5,300 was refunded to us that is all we require to go ahead.

7. *To Mr. Sidey.*] Twenty-five years ago some people in Auckland manufactured tobacco, and some eight or nine years ago people at Hamilton manufactured it, but they were manufacturing the imported leaf. We are the first people to try it from the growing and manufacturing point of view. The Hamilton people imported the leaf from America and Australia, cut it up, and put it on the market. They were paying practically full price for everything, and had not a chance under those conditions. We have a nominal capital of £25,000, and £14,197 is the paid-up capital. We have spent £18,000. We have an overdraft. We have a new expert starting with us in a fortnight, and we anticipate that the quality of the output will be improved by 50 per cent. That man has had experience in America, Australia, and England. The £40 per acre is the gross return.

8. *To the Chairman.*] We can let you have our balance-sheets. I suggest two things to the Committee, viz.: (1) That the Government should refund the whole of the duty we have paid—£5,300; and (2) that the Government should grant us a loan. If we get the £5,300 it would be sufficient, and we would not want the loan on top of it. A loan would enable us to carry on, but we prefer the grant.

A. B. FALLOVER, Manager of the New Zealand Tobacco Company (Limited), examined. (No. 2.)

The company has spent a considerable amount of money. It has paid to the Government £5,300. Without assistance it will be necessary, under existing conditions, to give up business, and that is the point I wish to stress to the Committee. In other words, we must give in to the Trust. We consider that, with a return of the amount of the duty we have paid during our operations—£5,300 approximately—we will be able to continue manufacturing and growing, also to continue instructing farmers in the growing, curing, and marketing of their tobacco-products. We consider that the country should give us assistance to the extent of approximately the amount we have paid in duty to enable us to purchase land and buildings, and to go on with the growing of tobacco, covering an area of 76 acres.

1. *To Mr. Sidey.*] During the height of the season our company employed about thirty hands. At the farm, for five or six months, we had up to fifty hands.

2. *To Mr. Craigie.*] We have sold 106,640 lb. weight of tobacco, of a value of about £26,000. In one year we paid out £6,000 in wages. With the exception of Australia we have the dearest labour to contend with. Australia has protection right through, but in recent years the Trust has absorbed five companies there. We are afraid that the Trust will try to get us out of the business.

3. *To Mr. Veitch.*] Tobacco-manufacture has no detrimental effect on the health of the people employed. It is one of the healthiest of occupations. During the influenza epidemic lately not one of our employees was attacked. We would be agreeable to have our affairs investigated by the Government at any time, so that the concession or grant might be removed if considered necessary.

4. *To Dr. A. K. Newman.*] We feel that we are struggling against a giant—the Trust—not at the moment perhaps, but we shall be in a short time. In specified districts tobacco can be grown in New Zealand, not in all parts of it. The Maori tobacco is too strong for the public, but that is the fault of the cultivation.

5. *To Mr. Hornsby.*] At the present time there are three machines manufactured by separate firms in America. From information we have gathered the American Trust has purchased the sole rights in those machines, and from them the Trust has made another machine, which it also controls. It is therefore impossible for us to get the most up-to-date machines, but we can get other machines from England.

6. *To Mr. Luke.*] The aroma in our tobacco is natural, but it can be overcome by the mixing-in of certain ingredients.

7. *To Mr. Sidey.*] If the Trust undertook the successful manufacture of tobacco here the effect on the price would be that it would go as far as you would let it go; it would increase the price until you stepped in and controlled it.

8. *To Mr. Hornsby.*] We will be able to place on the market plugs, plaits, and mixtures, and later on cigarettes if we are successful.

9. *To Mr. Hudson.*] The waste tobacco is sold to the fruitgrowing people to make insecticide and other sprays.

10. *To the Chairman.*] We have no arrangement with the British Empire Trading Company with regard to prices. If we are protected by a duty there need be no fear of our being absorbed by the Trust. I believe there is only one Trust in tobacco in the world.

11. *To Dr. A. K. Newman.*] At one time we got a whisper of a shop being closed against us through the operations of the Trust. We heard it was so, but never found any definite evidence of it.