Zealand-grown tobacco the protection is 11s.·9d. per thousand; 1s. 6d. per pound is the difference in the excise duty on cigarettes made by machinery and cigarettes made by hand. The duty on cigarettes made by hand in bond from imported raw leaf, is made up as follows: Import duty, 2s. per pound; excise duty, 4s. per pound: total, 6s. per pound, or 15s. per thousand. Therefore the protection given to cigarettes made by hand in bond is 10s. 6d. per thousand if made from imported leaf, and 15s. 6d. per thousand if made from New-Zealand-grown tobacco.

1. *To Mr. Veitch.*] I understand that the 1s. 6d. was added to encourage hand making as against machine making. I think I am correct in saying that there have been no cigarettes made in bond by hand.

2. *To the Chairman.*] In Auckland there were 466 lb. made by machinery in 1914, and since then there have been no cigarettes made in bond either by hand or by machine. The advantage of making in bond is that the duty is less.

3. *To Mr. Hornsby.*] I think it might assist the Committee if I stated the Australian duties and the New Zealand duties. I am not speaking with the same authority about the Australian tariff as about our own tariff, but the Australian figures are taken from the Australian statistics. The situation in Australia is even more complicated than it is in New Zealand, because in Australia they have two duties on imported tobacco—namely, 4s. 3d. on cut tobacco and 4s. on plug tobacco. The import duty on the raw leaf coming into the country and going into bond to be manufactured into tobacco or cigarettes depends upon whether it is for tobacco or cigarettes on the one hand, or for cigars on the other, and whether it is stemmed or unstemmed. The great bulk of raw-leaf tobacco imported is unstemmed. The duty in Australia on imported raw leaf is practically the same as in New Zealand—2s. per pound; but the excise duty in Australia on cigarettes depends upon whether they are machine or hand-made. The duty on machine-made cigarettes in Australia is 4s. 6d. per pound, and the excise duty on hand-made cigarettes is 4s. 3d.

4. *To the Chairman.*] The protection given to machine-made cigarettes in Australia is less than the protection given to machine-made cigarettes in New Zealand, yet they are manufactured in Australia in very large quantities. In Australia they have a preferential tariff, but the great bulk of cigarettes come from the United Kingdom. In Australia the duty on cigarettes made in the United Kingdom is 8s. 6d. per pound; duty on unstemmed leaf, 2s. per pound; excise duty on machine-made cigarettes, 4s. 6d. per pound: total, 6s. 6d. per pound, as against 8s. 6d. per pound import duty there. To be on the safe side, we will take it at 9s., which is the duty on imported cigarettes not made in the United Kingdom—that is, 2s. 6d. per pound protection. We calculate ours at 2½ lb. per thousand. Two and a half times 2s. 6d. makes 6s. 3d.; and in New Zealand the protection is 6s. 9d. The protection in New Zealand is 6s. 9d., as against that in Australia, which is 6s. 3d. You might say that the machine-made cigarettes made in Australia amounts to a very considerable quantity, and there is slightly less protection than in New Zealand. The import duty on ordinary cigarettes in Australia is 8s. 6d. per pound—that is, manufactured in the United Kingdom. The duty on the leaf is the same in both places—2s.; excise duty on cigarettes manufactured within the country by machinery: Australia, 4s. 6d.; New Zealand, 5s. 6d.; which gives the Australian manufacturer a protection of 2s. and the New Zealand manufacturer has a protection of 2s. 9d. per pound. On the hand-made cigarettes in Australia there is an excise duty of 4s. 3d. per pound, and in New Zealand 4s.; or a protection to the maker in Australia of 2s. 3d., New Zealand 4s. 3d.

5. *To Mr. Veitch.*] The figures I have quoted are from the latest Australian tariff in our possession. They are really approximate figures, but are close to the absolute figures.

6. *The Chairman.*] The next question is as to the tariff on manufactured hats. It was stated by one manufacturer that he wanted further protection—similar to that in Australia?—In the figures I am giving to the Committee I am leaving out the primage duty of 1 per cent. on all goods. The import duty on hats in New Zealand is 25 per cent. on British hats and 37½ per cent. on foreign hats. The latter duty was imposed in 1917. The duty in Australia is: Wool-felt hats, British goods, 15s. per dozen, or 35 per cent. *ad valorem*, whichever is higher; on hats other than from Great Britain, £1 per dozen, or 40 per cent., whichever is higher. Fur-felt hats, £1 4s. per dozen, Great Britain, or 35 per cent., whichever is higher; and foreign, £1 10s. per dozen, or 40 per cent., whichever is higher. The United States tariff is 45 per cent. *ad valorem*.

7. *To Mr. Sidey.*] Hoods for making hats are imported here. The hood is the hat before it is blocked—the material to make the hat. They want to make these hoods in New Zealand from rabbit-fur. As to Stetson hats, the imports of hats from the United States in 1918 amounted to 2,754 dozen; value, £18,413.

8. *To Mr. Craigie.*] If the Government put on the Australian 35 per cent. *ad valorem* duty it would be difficult to say whether it would make hats dearer all round in New Zealand. Felt hoods are free of duty. A great quantity of the material is free of duty. The duty on machinery is 20 per cent. if British-made and 30 per cent. if foreign-made. Leaving out the rabbit-fur, the other articles which would have to be imported for making hats would be ribbons and buckles for hats, and labels and linings and the various materials that are required in the industry. In the year 1918 the value of hats imported into New Zealand was £155,397. That is the imported value, which is the invoice value plus 10 per cent. Felt hats are made both from fur and from wool.

9. *To Mr. Hornsby.*] If a law were passed to that effect a sliding scale could be arranged. As to valuing the goods on importation, that has always been done since we have had *ad valorem* duties; but in these cases we have to determine the fair market selling-values in the country of exportation, and the duty is payable thereon. Of course, those are wholesale prices. In the case of