

with regard to sugar they will have an excellent opportunity to bleed the New Zealand consumer. Consequently the £180,000 or so that it at present paid in duty to the New Zealand Government would be paid to the Australian producer, and New Zealand would receive no benefit from it. We think it also follows almost as a matter of course that if the duty on sugar is removed the Auckland works will have to be closed down. We can see no other result. The present company in Auckland practically obtains its supplies from Fiji, which is, of course, a British colony; but if this treaty is ratified the company will naturally close down its works in Auckland and transfer them to Australia, where they could manufacture the sugar in bond and ship it over to New Zealand duty-free. That seems to be quite clear, and not only shall we be paying £180,000 to the Australian producer with no advantage to our consumers, but we shall lose the advantage enjoyed by Auckland in having the Auckland Sugar Company's refinery situated there. With regard to potatoes, the opinion of our Chamber is very strong against the *ad valorem* duty, because potatoes are only imported when the price is high, when the tax becomes very irksome indeed. As far as I can gather, there are few sound potatoes in New Zealand available for consumption during the remainder of this season. It is to be hoped, however, that the next crop will be sound. We thought it well to point out the anomaly presented by the preferential duty to Australia being higher than that paid by countries outside. On the question of flour and wheat, I do not think I need speak at any length, because I understand that Mr. Reid is specialising on this matter. I might say that I am in entirely in accord with the resolution passed with regard to flour and wheat. It seems to me that if flour is to be admitted duty-free flour-milling in New Zealand must come to an end, and that very quickly. Those who know anything about the flour-milling industry in New Zealand are aware that there is no great profit to be made out of it, and it has taken millers all their time to make a legitimate margin of profit out of flour. If you take away the duty the only logical thing to do is to take the duty off wheat. Free flour with taxed wheat means a very large reduction in, if not the total extinction of, the milling industry. In reference to the other anomalies in the proposed treaty, I should like to say that we take it that one of the principal objects to be gained from a reciprocal treaty is the enlargement of the markets for our productions—that is to say, we should like under the treaty to sell to Australia larger quantities of our products. It seems to us, however, that in this treaty there is very little to increase the sales of our products to Australia. I do not know that we have ever exported bacon and hams to any extent, but if we could the duty of 3d. per pound to be retained in Australia is simply prohibitive, and the same remarks apply to butter and cheese. With a duty of 3d. per pound still against us in Australia, business in butter and cheese becomes simply impracticable. With regard to candles, we have to import quantities of these from abroad, and, therefore, what object is there in having a reciprocal duty? There is no use in putting that down as we cannot export them. The same remark applies to eggs—we import eggs from Australia and China. As to dried fruits, there are no dried fruits that could be exported from New Zealand, because we do not grow them. Grain, which covers the lines which we can export, and ought to export in very large quantities, is still kept under a high protective tariff. Hitherto the rate on flour of the principal kinds of grain was 1s. 6d. per cental, and when they magnanimously reduce the rate to 1s. 3d. a cental it is not going to make any difference in the volume of grain we export to Australia—not one fraction. Prior to the Federal tariff coming into force we did a large grain business with Australia, but that has practically disappeared, and it is this tariff of 1s. 6d. per cental that has done it. The proposed reduction of 3d. a cental is a mere flea-bite, and will not make £10 difference in the volume of our trade with Australia. The same remarks apply to beans and peas, maize, bran, and sharps. With regard to flour, the proposal by Australia to admit it duty-free appears to be very magnanimous, but when we cannot compete with Australian-grown wheat, what is the sense of putting it down, except it be to mislead those who do not know the true position? We do not export wheat to Australia, and if we could the shilling a cental would prohibit it. The figures showing the export of oats to Australia are as follows: 1903, £205,895; 1904, £20,659; 1905, £41,892. Linseed-meal and linseed-cake, which Australia very magnanimously says shall come in free, are not lines of export from New Zealand. We do not grow enough in fact, and, therefore, the reciprocal tariff is quite fallacious—it is not going to confer upon us any benefit at all. We have not the goods to export. Malt—a line that we might export—is still retained at 6s. per cental, so that it really amounts to this: that on lines we cannot export they reduce the rate or admit them duty-free, and on lines we ought to be able to export they retain a prohibitive duty. Onions, which we ought to be able to export, they retain the duty on; and on potatoes, which we ought to be able to export occasionally, they retain a duty. There is an anomaly in connection with wine which perhaps has not been noticed. The present tariff provides for 9s. per gallon on sparkling wine, and 5s. on Australian wine, and 6s. on other wine. Under the treaty the Australian wine would be reduced to 4s. and other wine to 6s., so that the duty on sparkling wines will be reduced from 9s. to 6s. I only mention that to point out what appears to be an unintentional mistake. There is one other anomaly I should like to point out. Our duty on eggs under the treaty is 2½d. per dozen from Australia, and from other places 20 per cent. That means that on the 1905 imports, which were valued at £47, the duty at 20 per cent. was £9 8s., while the preferential rate of 2½d. per dozen would be £17 17s. 3d. From China we imported eggs to the value of £63, the duty on which at 20 per cent. amounted to £12 12s.; but if these were to come from Australia under the reciprocal tariff at 2½d. per dozen, the duty would be £39 17s. 3d.

103. *Mr. Hanan.*] As a matter of principle I would ask the witness, do you believe in protection?—Personally, I should say I am a Free-trader.

104. Do you believe that some of our industries in this colony require some protection—more protection than they have at present?—No, I cannot think of any particular industry in the colony that calls for more.

105. You object to removing the duties off all these articles in the reciprocal treaty?—I do not object to the duty on sugar if it applies to sugar from all countries; but if you take the duty